BLUE CRANE ROUTE MUNICIPALITY (EC102)

DRAFT ANNUAL REPORT

2015/2016

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

It is with great pleasure and honour for me to table the 2015/16 Annual Report. This annual report represents a culmination of the 5-year term of the current council. It epitomises the end of the term which was characterised by a collective commitment by both councillors and senior management to the delivery of services to our people.

The year under review has been both exciting and challenging to our endeavour to improve and better the lives our people. From the time we commenced our term of office up to date, we have witnessed great strides in terms of improved governance. Our Standing Committees and Council continued to execute their work in their legislative mandates. We have witnessed an improvement in terms of the quality of compliance and statutory reporting to Council and its Committees. We have also witnessed improved institutional performance across all Directorates.

On the service delivery front, we continue to make strides in improving the lives our community through the implementation of the Back to Basics Programme. During the year under review, BCRM Council developed and approved the Back to Basic Plan.

The programme for housing rectification in Cookhouse and Somerset East has just commenced. During this year, young people have been the greatest beneficiaries. BCRM has budgeted more than R7million to upgrade sports fields in Cookhouse and Pearston. These will go a long way in providing recreational amenities for young people.

During the 2015/16 financial year, the Auditor General of SA (AGSA) announced an Unqualified Audit Opinion for the 2014/15 financial year. This is a big stride from the stagnation of previous Qualified Audit Opinions. For this I am grateful for the hard work of all staff especially Senior Management, Council for its oversight function and the community of BCRM at large.

The attainment of the Unqualified Audit Opinion could not have been a better gift for myself and this Council as end of our term of office. I wish to implore on Council and officials to work even harder to surpass the Unqualified Audit Opinion and achieve a Clean Audit Opinion.

As this Council ends its term, I wish to thank all my fellow Councillors; Senior Management and all Officials; as well as all our stakeholders that have contributed to improving the lives of the citizens of the Blue Crane Route Municipal area.

I thank you!

Councillor M Scott
MAYOR / SPEAKER
BLUE CRANE ROUTE MUNICIPALITY (EC102)

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

It gives me great pleasure as an Accounting Officer to table the 2015/16 Annual Report of the Blue Crane Route Local Municipality. In any organisation including municipalities, an Annual Report serves as an instrument and statement of accountability. It seeks to give an account of the progress made and challenges faced in the implementation of the developmental objectives of the organisation. It is on this basis that this Annual Report is tabled to the Council and the communities of Blue Crane Route Local Municipality.

The year under review has been a relatively successful year for the BCRM. It is also an opportune year to reflect on past achievements and failures as it is the end of the current term of office of the Council. The municipality has also been relatively stable with a robust but matured political and administrative interface. On the governance front, municipality made strides in terms of improvement. All Council Standing Committees including Council meetings were held as scheduled. The IDP and Budget were adopted by Council after wide consultation with all the relevant stakeholders including community meetings. The previous Audit Committee's term of office came to an end and a new Audit Committee was subsequently appointed by Council. Meetings of the Audit Committee are convened as scheduled to receive Management and Internal Audit reports. Performance Management at senior management level is being implemented. Performance management reviews of senior management are undertaken on a quarterly basis and reports submitted to Council. In this regard, a Record Performance Information Standard Operating Procedure Manual was developed and approved by Council. During the period under review, the BCRM has also been able to review its Fraud and Anti-corruption Policy and Prevention Plan.

On the Local Economic Development front, we witnessed completion of the construction of the Somerset East Airport which was pioneered by the Department of Rural Development and Land Affairs. We also witnessed the coming to fruition of the Blue Crane Route Industrial Park along the Airport precinct with potential investors coming to the fore. The construction of the R355 road linking Somerset East and Addo has also commenced. The partnerships developed between the Department of Rural Development and Land Affairs, Cacadu Development Agency and BCRM has been very effective in the success of the abovementioned projects. These and many other economic initiatives including Wind Farms have vast economic and employment prospects for the BCRM.

We also continue to make strides in the provision of basic services to our communities. We do so faced by financial and budget constraints due to declining grants from national fiscus. We implemented the upgrade of boreholes in Pearston to improve water provision. We also completed Phase 1 of the Somerset East Waste Water Treatment Plant, the construction of the Sportsfields in Cookhouse and Pearston has commenced. The anticipated time for completion is August 2016 of the next financial year. The completion of construction and occupation of the new Fire and Rescue building was undertaken. The refurbishment of the Traffic building to provide better service to our community was undertaken.

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

1.2.1 BLUECRANE ROUTE MUNICIPAL VISION, MISSION AND VALUES:

The BCR municipality is “A municipality that strives to provide a better life for all its citizens”. The vision is aligned to the five development priorities and the national and provincial government strategic frameworks. The plans and budgets of the BCR are also designed /developed to achieve the vision.

The main purpose of a vision statement is to link the current situation with the future potential of an area. As such a vision statement plays a central role throughout the various processes of the IDP. It guides the prioritisation of needs, the setting of objectives and the implementation of various strategies and projects. The vision statement should be brief, inspiring, realistic, relevant and mobilising. It is important to reflect on the vision and mission of the municipality as a reminder of the direction the municipality should take in deciding on programmes on projects.

The vision and mission of BCRM is:

VISION

“A municipality that strives to provide a better life for all its citizens.”

MISSION

Through responsible local government, zero tolerance for corruption and creating an environment for upliftment and sustainable economic growth.”

Values

- Good governance;
- Accountability;
- Public Participation;
- People Development;
- Team work;
- Integrity;
- Tolerance;
- Honesty;
- Responsibility; and trust

The Blue Crane Route Municipality falls within the jurisdiction of the Sarah Baartman District Municipality. The Municipality's area is bordered on the North-east by Nxuba Municipality, North-west of Camdeboo municipality, South of Makana Municipality and the South-west of Sundays River Valley municipality. The Blue Crane Route Municipality is located at 67 Nojoli Street, Somerset East.

Eleven councillors have been elected and the seat of the municipality is situated in Somerset East. The Blue Crane Route area comprises of rural commercial farms with three (3) towns.

- Somerset East
- Cookhouse
- Pearston

The background data which is presented gives an introduction to the demographic make-up of BCRM. According to STATSSA-Census 2011, the total population of the municipality is 36 003 inhabitants.

Population Details									
									Population '000
Age	**1996**			**2001**			**2011**		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Age: 0 - 4	1 543	1 570	3 112	1 581	1 418	2 998	2 172	1 784	3 956
Age: 5 - 9	1 915	2 003	3 917	1 788	1 774	3 562	1 741	1 712	3 453
Age: 10 - 14	2 104	2 053	4 157	1 899	1 968	3 867	1 645	1 463	3 108
Age: 15 - 19	1 717	1 883	3 600	1 910	1941	3 851	1 558	1 615	3 173
Age: 20 - 24	1 500	1 591	3 090	1 351	1 476	2 827	1 428	1 432	2 859
Age: 25 - 29	1 259	1 315	2 573	1 396	1 431	2 827	1 401	1 359	2 760
Age: 30 - 34	1 193	1 351	2 544	1 183	1 255	2 439	1 150	1 163	2 314
Age: 35 - 39	1 072	1 202	2 274	1 201	1 368	2 569	1 189	1 247	2 436
Age: 40 - 44	958	976	1934	1 089	1 209	2 297	1 054	1 195	2 248
Age: 45 - 49	717	813	1 531	921	1 082	2 003	1 011	1 192	2 203
Age: 50 - 54	546	638	1184	709	839	1548	962	1 053	2 015
Age: 55 - 59	607	677	1 284	557	621	1 178	769	901	1 670
Age: 60 - 64	440	535	975	546	657	1203	570	714	1 284
Age: 65 - 69	387	454	840	359	436	795	414	517	931
Age: 70 - 74	230	318	548	251	359	610	320	457	777
Age: 75 - 79	151	215	366	141	231	372	152	239	391
Age: 80 - 84	52	128	180	106	160	266	80	162	242
85+	80	155	234	46	147	193	66	116	182
Total	**16 468**	**17 874**	**34 342**	**17 034**	**18 372**	**35 406**	**17 682**	**18 321**	**36 003**

The population of BCRM has increased by 595 people over the past 10 years. This is reflective of a 0.17% compound average population growth rate from 2001 to 2011.

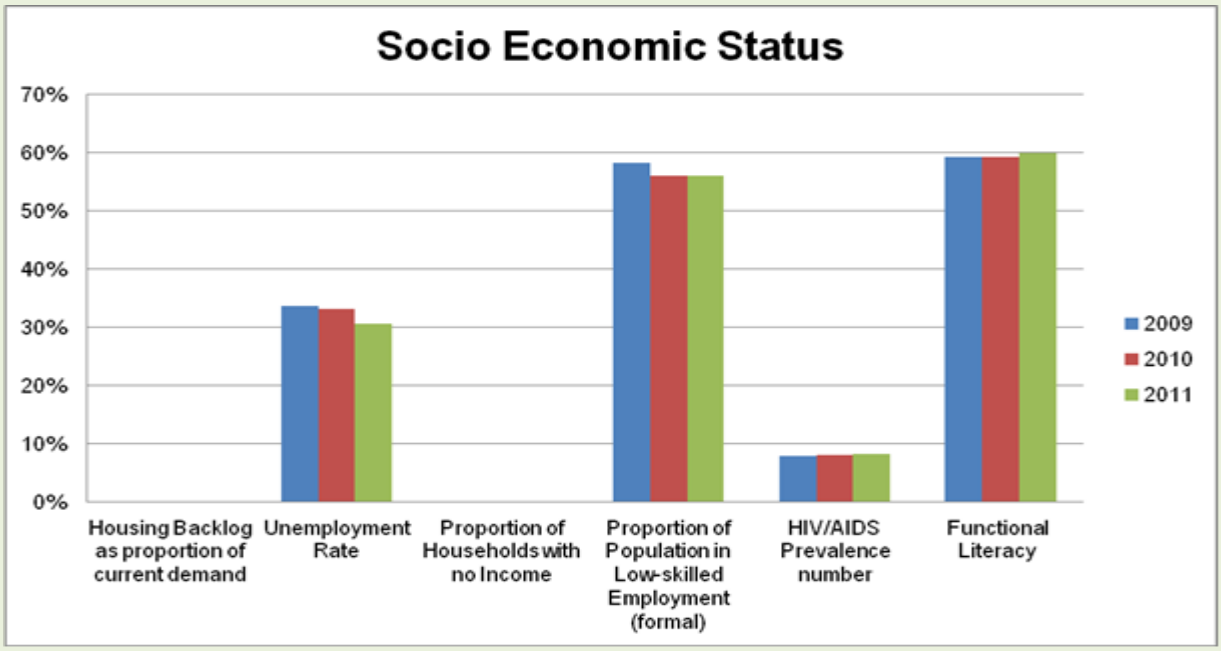
StatsSA 2011 reflects that 29% of the population are young and under 15 year of age, which requires intergovernmental planning efforts to jointly focus on improved education and providing sport and recreation facilities. Sport in particular plays an important part in youth development and relevant role-players should form partnerships to promote sport initiatives and youth programmes in Blue Crane Route. The high number of children could also be an indication of a dependency on child support grants.

DEMOGRAPHICS	BLUE CRANE ROUTE AREA (STATSSA 2001)	BLUE CRANE ROUTE AREA (STATSSA 2011)	%	GROWTH % p.a.
Population Grouping	**35 003**	**36 001**		
Africans	20861	21247	59.0	0.19
Coloured	11515	11888	33.0	0.32
White	2606	2453	6.8	-0.6
Indian/Asian	21	118	0.3	46.2
Other	0	295	0.8	
Head of Household: Gender	**9 595**	**9 761**		
Male	6 486	5 927	60.7	-0.9
Female	3 109	3 834	39.3	2.3

***Source**: StatsSA*

According to StatsSA a 7% increase has occurred, from 32% to 39%, in respect of female headed households between 2001 and 2011. The increase is relatively high considering that the population growth rate has been very low over a 10 year period and the male to female sex ratio has only risen marginally. This could be reflective of males migrating in search of employment opportunities outside of the municipal area or the occurrence of single mothers deciding to create a basis for their young with the option of marriage later in life.

A large segment (50.1% - StatsSA 2011) of the population speaks IsiXhosa, followed by 42.2% communicating in Afrikaans. Black South Africans account for 59% of the population, followed by 33% Coloured South Africans. Stats 2011 also indicates that 95.5% of the population were born in South Africa.



Socio Economic Status						
Year	**Housing Backlog as proportion of current demand**	**Unemployment Rate**	**Proportion of Households with no Income**	**Proportion of Population in Low-skilled Employment (formal)**	**HIV/AIDS Prevalence number**	**Functional Literacy**
2009	**N/A**	**33.7%**	**N/A**	**58.2%**	**7.9%**	**59.3%**
2010	**N/A**	**33.2%**	**N/A**	**56.1%**	**8.1%**	**59.2%**
2011	**N/A**	**30.7%**	**N/A**	**56.0%**	**8.2%**	**60.0%**
ECSECC Data 2011						

In terms of Socio Economic data, the table above illustrates a gradually declining unemployment rate (33, 7% in 2009 to 30, 7% 2011). This marginal decline does bode well for economic growth in the municipality however it still needs to be properly determined where the actual source of this employment is coming from. 56% of the labour force in the municipality is involved in low skilled labour thus earn relatively lower wages. This proportion has been declining though and thus represents the transformation of the local economy and the need for higher skilled labour force.

StatsSA 2011 reflects that poverty levels are high with 46.1% of the population not receiving any income, and a further 10.8% earn less than R801 per month, therefore technically falling under the poverty line. This is exacerbated by the fact that 65.7% of the potential labour force are not working. The population lack buying power which makes it difficult to exploit local economic development opportunities and the situation implies a high dependency on social grants. Interventions must be created and expedited to support poor communities.

The potential economic active labour force accounts for 60.2% of the total population which reinforces the need to boost the economy and stimulate job growth.

StatsSA indicates that 15.2% of the potential workforce is unemployed and a further 50.5% are not economically active in 2011. The remaining 34.3% of the labour force is employed. The overall dependency ratio is 56.8 persons per hundred population of working age. StatsSA 2011 also concludes that 1 953 of the youth in Blue Crane Route are unemployed.

Stats SA 2011 shows that 8.24% of the population over 20 years of age have not received any schooling. The figure is moderate and furthermore shows a decline or negative growth of -36.6% for the past decade (since 2001), when 4 088 or 19.6% of the population over 20 years had not undergone any schooling.

Overview of Neighbourhoods within Blue Crane Municipality		
Settlement Type	**Households**	**Population**
Towns		
Somerset East	**4 974**	**19 173**
Pearston	**1 229**	**5 933**
Cookhouse	**1 566**	**10 897**
Sub-Total	**7 769**	**36 003**
Townships		
Aeroville	1068	
New brighton	337	
Old location	357	
Chris hani	384	
Vosloodaal	269	
Westview	35	
Francis vale	343	
Mnandi	1022	
Sub-Total	3815	
Rural settlements		
Sub-Total	**611**	
Informal settlements		
	800	
Sub-Total	**800**	
Total	**9 180**	**36 003**
		T 1.2.6

1.3. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The municipality aims to provide services to the community that is affordable, yet at the same time ensuring that we remain financially sustainable. The municipality has been limiting rates, tariff and fees increases to 6% year on year for the past five years up until the Revenue enhancement Strategy was developed and approved. This strategy pointed out, amongst other things, that the municipality needed to ensure that their billing is complete and accurate; the tariffs must be adjusted to be more cost reflective; and new revenue streams / fees must be explored as a matter of urgency to improve our internal revenue base. As a result, the municipality started to increase the property rates by 10% in 2015/16 and maintained the same for 2016/17 together with 9% increases for Water, Sewerage and Refuse Removal. The higher tariff increases could be considered to have been effected a little late as the municipality's cash surpluses have reduced drastically and the current budgets not being fully cash-backed. Despite the challenges, the municipality maintained positive cash balances throughout the financial year and closed the year off with a higher closing bank balance than the bank balance at the beginning of the year. The municipality should continue to cut costs and raise new revenue to improve the poor cost coverage and liquidity ratios.

Detailed information regarding the municipality's financial performance is available in Chapter 5 of the report.

COMMENT ON CAPITAL EXPENDITURE:

The municipality performed below average in the 2015/16 year as the Capital expenditure performance reduced from 86% in the 2014/15 year to 65% in the current year. The municipality adjusted the budget downwards from R 26 million to R 20 million in February 2016. Majority of the under-performance related to the late commencement of the construction of the Sport field in Bhongweni, Cookhouse and Khanyiso, Pearston, which only started in May 2016 due to the service providers being non-responsive in the first round of tenders. This amounted to R 4 million or 20% of the under-expenditure. The municipality could also not pay the final invoice of nearly R 1 million for the Somerset East WWTW as the project was not signed off as complete and this represented 5% of the under expenditure. The 10% balance of the under-performance related to internally funded projects of Community Services and Technical Services who has the largest share of the Capital Budget.

1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Blue Crane Route Municipality continues to continually review its Organisation Structure, Policies and Systems to respond to its developmental imperatives as encapsulated in the Integrated Developmental Plan (IDP). The Organisational Structure (Organogram) was reviewed and was subsequently adopted by Council. During the period under review, all senior management positions remained filled. All senior managers signed Performance Agreements and performance reviews are conducted on a quarterly basis. A lot of Human Resources and Administrative Policies were reviewed and were later adopted by Council. The BCRM also embarked on the review of its bylaws and these were subsequently adopted by Council.

All budgeted new positions have been filled. The new positions in the Organogram of Internal Auditor, Health and Safety Officer and Chief Fire Officer we filled. Budgeted positions in the Traffic Department were also filled. The position of the Manager: Supply Chain and Asset Management which became vacant due to the resignation of the previous incumbent was also filled.

During the period under review, the BCRM reviewed its Employment Equity Plan and an Employment Equity Steering Committee was established. Employment Equity reports are submitted to the Dept of

Labour on an annual basis. A Health and Safety Committee was established and an Induction of its members conducted. On-Site and off-site training and development of staff and Councillors was undertaken. These included academic development programmes (i.e Certificate, Diploma and Degree) and also skills and capacity building programmes. The municipality also embarked on Code of Conduct awareness among employees covering most of the BCRM departments. These are to be continued in the other directorates during the next financial year. Capacity building of Supervisors on the Disciplinary Code and Grievance Procedure was also undertaken.

1.5. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	**July**
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	**August**
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	**September - October**
12	Municipalities receive and start to address the Auditor General's comments	**November**
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	**December**
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	**January**
		T 1.7.1

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Blue Crane Route Municipality is a municipality with a plenary executive system combined with a ward participatory system and is governed by a plenary system of governance. This in effect means that the Decisions are taken at Council meetings through the process of resolving and or approving recommendations made at Standing Committees meetings level.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

Due to the nature of the municipality, Standing Committees and Council meetings are held bi-monthly. The following are the Standing Committees namely;

- Finance Standing Committee (Chaired by Cllr Majorie Scott)
- Corporate Services Standing Committee (Chaired by Cllr Bonisile Manxoweni)
- Technical Services Standing Committee (Chaired by Cllr Neliswa Yantolo)
- Community Services Standing Committee. (Chaired by Cllr Mendile Nontyi)

Blue Crane Route Municipality has established a Municipal Public Account Committee (MPAC) which is an Oversight Committee .MPAC is comprised of both ward and PR councillors, with a PR Councillor from the opposition party as the Chairperson. MPAC provides Council with comments and recommendations on the Annual Report.

POLITICAL STRUCTURE

MAYOR / SPEAKER
Name: Nontuthuzelo Marjorie Scott

CHIEF WHIP
Name: Mncedi Keith Mali

2.1 POLITICAL GOVERNANCE

COUNCILLORS

Blue Crane Route Municipality is comprised of eleven (11) Councilors; six (6) councilors are ward councilors, and five (5) proportional representative councilors. The Mayor was nominated from the five PR councilors. The ward councilors are responsible for the wards they are representing and PR councilors provide support to wards. Refer to **Appendix A** where a full list of Councilors can be found (including committee allocations and attendance at council meetings).

POLITICAL DECISION-TAKING

Political decisions and resolution are taken at the Council meeting. Decisions are taken by consensus or vote through majority of the councilors present at the meeting

2.2 ADMINISTRATIVE GOVERNANCE

The BCRM has the following Directorates in its organizational structure .These are i.e. Office of the Municipal Manager, Corporate Services, Community Services, Finance and Technical Services

TOP ADMINISTRATIVE STRUCTURE
MUNICIPAL MANAGER (ACCOUNTING OFFICER)
Name : Thabiso Klaas

DIRECTOR: Technical Services
Name : Ms Z. Ntile

DIRECTOR: Corporate Services
Name : Mr F.G. Cotani

DIRECTOR: Community Services
Name : Mr S.L. Mvunelwa

DIRECTOR: Financial Services
Name : Mr G.J. Goliath

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The concept of Integrated Development Planning (IDP) is embedded on the principle of co-operation amongst various spheres of government for the purpose of providing better co-ordination and services to the community. It is in this context that co-operative governance and inter-governmental relations becomes of utmost importance. The Blue Crane Route Municipality has a relatively functional Inter-Governmental Relations Forum (IGR). The IGR meetings are held on a quarterly basis and these are chaired by the Mayor. It is in these meetings that Sector Departments are able to share their development plans with the Blue Crane Route Municipality. The challenge going forward is the consistent absence by some departments in these IGR meetings.

2.3 INTERGOVERNMENTAL RELATIONS

The BCRM continues to work well with following national departments and associations and enjoys good relations. These are i.e

- South African Local Government Association (SALGA)
- Dept of Co-operative and Traditional Affairs (COGTA)
- National Treasury
- Dept of Trade and Industry
- Dept of Rural Development and Land Reform
- Dept of Energy
- Dept of Water and Sanitation

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality continues to participate and have good relations on matters of mutual interest with various provincial government departments. These are i.e

- Office of the Premier (OTP)
- Premiers Co-ordinating Committee
- Dept of Social Development
- COGTA EC
- Provincial Treasury
- Department of Human Settlements
- SALGA EC

During the period under review, the BCRM hosted the Sarah Baartman Premier's Outreach Programme which was a resounding success.

RELATIONSHIPS WITH MUNICIPAL ENTITITIES

The BCRM has good relations with the Cacadu Development Agency (CDA). These relations were strengthened by the decision of the BCRM Council to dis-establish its previous entity, the BCDA. Currently the CDA oversees the co-ordination and implementation of BCRM Local Economic Developments programmes. This is managed through a Service Level Agreement (SLA) signed tween the two parties**.**

DISTRICT INTERGOVERNMENTAL STRUCTURES

The municipality enjoys good relations with our District Municipality, the Sarah Baartman District Municipality. Councillor Manxoweni is the BCRM Representative in the District Municipality. We participate in the following district IGR structures, these are i.e.

- District Mayor's Forum
- District MM's Forum
- DWIF
- District PMS Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public accountability and participation plays a very important and cardinal role in the promotion of democracy in local government. It is in this regard that during the year under review, the BCRM reviewed its Public Participation Strategy which was later workshopped with councillors and officials. The reviewed Public Participation Strategy was subsequently adopted by the BCRM Council. The BCRM uses the Ward Based Planning model to engage the community on matters related to the reviewal of the IDP. This places public accountability and participation at the basic level of community engagements.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

To enhance and improve effective communication, during the year under review the BCRM has employed a Media and Communication Officer. This has brought about improvement in the communication innovation and co-ordination of communication and events.

Various platforms are used to engage the community, encourage public participation and to ensure a participatory government. Public engagements are conducted throughout the year using different forums, meetings and events.

Forums:

Currently the municipality has two forums as means of public engagement which are IDP/Budget and PMS and Inter-Governmental Relations (IGR)

- **IDP/Budget and PMS Forum**

- The forum is functional, it seats once a quarter.
- It is chaired by the Mayor, M.N Scott and attended by Councilors, Community Development Workers and BCRM Management including key staffers ie Communications Officer, IGR Officer etc. And it is open to the members of the public.

- **IGR**

- Seats once a quarter in conjunction with the IDP/Budget and PMS Forum

Different forms of meeting seat with the municipality

- Committee Meetings

- The municipality has four committee meetings as per the directorates of the municipality (Not sure whether to mention them or not)
- They seat once a quarter and when there is a need.
- They are attended by all councilors, management and staff members of the said directorate

- Council Meetings

- Meetings seat once a quarter and when there is a need for a council resolution.
- They are attended chaired by the Mayor with all councilors, management and members

-Public/Community Meetings

- Public meetings are held in two ways, at times they are requested by the municipality to the community to address a certain issue that affects service delivery such water crisis or electricity cut. At other times they are requested by the public to the mayor/municipality to address any communal issue that they need addressed by the municipality/council.

The following structures have been established to enhance public participation, these are i.e

- Mayoral Outreach /Imbizo
- Ward Based Planning meetings
- IDP Represantative Forum
- Inter- Governmental Relations (IGR) Forum
- Ward Committee
- Media
- BCRM websites

WARD COMMITTEES

Ward committees are meant to encourage participation by the community – their job is to make municipal council aware of the needs and concerns of residents and keep people informed of the activities of municipal council.

Ward committees are made up of a ward councillor and no more than ten people who are elected from the ward and who serve voluntarily for a five-year term. Municipal council must make rules regarding the election of ward committee members, including how often meetings take place, and the dissolution of ward committees.

The ward councillor is responsible for organising meetings and setting the ward committee agendas (s. 72, 73, 77 of the Municipal Structures Act). If the ward councillor does not attend the meeting, the ward committee may set the agenda itself.

The municipality implemented the ward committee system and all wards were formally constituted however ward committees were not as effective in the financial year under review and this may be attributed to the fact that they were going towards the end of their terms. The area which had dysfunctional ward committees was in wards 1 and 6 in Cookhouse and this was caused by the heightened political activity.

Public Meetings						
Nature and Purpose of Meeting	**Date of events**	**Number of Participating Municipal Councillors**	**Number of Participating Municipal Administrators**	**Number of Community Members attending**	**Issues addressed (Yes/No)**	**Date and manner of feedback given to community**
Ward 1 IDP/Budget Review	08/09/15	2	4	34	Yes	Draft budget meeting
Ward 1 IDP/Budget Review	26/04/16	2	6	80	Yes	
Ward 2 IDP/Budget Review	07/09/15	2	8	51	Yes	
Ward 2 IDP/Budget Review	25/04/16	1	7	44	Yes	
Ward 2 IDP/Budget Review	05/05/16	1	7	15	Yes	
Ward 3 IDP/Budget Review	09/09/15	1	5	46	Yes	
Ward 3 IDP/Budget Review	28/04/16	1	5	50	Yes	
Ward 4 IDP/Budget Review	09/09/15	2	6	63	Yes	
Ward 4 IDP/Budget Review	28/04/16	2	5	80	Yes	
Ward 5 IDP/Budget Review	10/09/15	2	6	53	Yes	
Ward 5 IDP/Budget Review	03/05/16	1	8	15	Yes	
Ward 5 IDP/Budget Review	04/05/16	2	8	47	Yes	
Ward 6 IDP/Budget Review	08/09/15	2	4	34	Yes	
Ward 6 IDP/Budget Review	26/04/16	3	7	36	Yes	
Draft Bylaw Reviewal – Ward 1&6	17/11/15	1	4	85	Yes	
Draft Bylaw Reviewal – Ward 4	19/11/15	1	3	14	Yes	
Draft Bylaw Reviewal – Ward 5	10/06/15	3	7	48	Yes	
Draft Bylaw Reviewal – Ward 2	24/05/16	3	3	3	Yes	
						T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Public Meetings enabled the municipality to ensure maximum participation of communities in municipal decision making processes. The processes ensured that the municipality adopts its IDP and budget and the adoption of municipal bylaws as well.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
** Section 26 Municipal Systems Act 2000* *T 2.5.1*	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The Municipal Council is the highest structure in terms of decision making. The Standing Committees sit bimonthly and make recommendations to Council. The following governance structures are in place and these are: Audit Committee, Internal Audit and Municipal Public Account Committee (MPAC).

Blue Crane Route municipality has a functional Internal Audit Unit under the leadership of the Chief Audit Executive as from 01 July 2015. The Internal Audit unit is also staffed by one internal auditor and is on the process of recruiting two internal audit interns to assist with the many responsibilities of the Unit. Internal advises Management and The Audit committee on issues of governance, risk management, internal controls, fraud prevention and compliance with legislation. The internal Audit of the municipality is fully independent as they report to the Audit committee functionally and to the Municipal Manager administratively.

Blue Crane Route Municipality Council appointed 4 independent audit committee members in 2015/16 financial year. The Audit Committee has set at least 4 times for the financial year. The Audit Committee is responsible for advising management and Council on issues of financial management and reporting, internal control, risk management, Information Technology, performance management and fraud. The audit committee reports to council on a Quarterly basis with recommendations for improvements where there are deficiencies.

2.6 RISK MANAGEMENT

Blue Crane Route adopted an Enterprise Risk Management Framework that guided council and management in identifying, rating, responding, monitoring and evaluating as well communicating risks within the municipality. A strategic risk assessment workshop was held during the beginning of the financial with the assistance of Internal Audit Unit. High risks, medium and low risks were identified within the risk appetite of the municipality and actions to mitigate risks were identified and captured on a risk register. The following risks were the high risks identified in the municipality:

a) Poor discipline of all employees affecting service delivery or productivity.
b) Non-compliance with applicable legislation, policies and procedures
c) Ageing infrastructure impacting on the quality and supply of water
d) Poor fleet management resulting in plant poor conditions that impact on waste management
e) Limited economic development within the municipal boundaries and failure to capitalise on revenue earning opportunities

The municipality is also planning to engage on operational risk assessment and response in the ensuing financial year ending 30 June 2017.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The municipality approved a fraud and anti-corruption policy that was used as part of the internal controls for the financial year. The fraud policy made reference to implementation of financial internal controls, implementation of Human Resources Policies and commitment to code of conduct by both councillors and employees. The municipality made use of Internal Audit to review compliance with policies and legislations and deviation were reported to the Audit Committee that comprises of all competent and independent individuals. Internal Audit and the Audit Committee recommended improvements to all the weaknesses that were identified during the year. The municipality was however a victim of a syndicate that has been attacking the district and was unfortunately defrauded of R800 000 during January 2016. This case has been reported to the police and referred to the Commercial Crimes Unit. The case was also reported to all the required authorities as well the Audit Committee and The Auditor General. The case is still under investigation for further actions to be taken by Council. Supply Chain was identified as a weak area in terms of compliance with laws and regulations as well as monitoring of service providers. Recommendations were made on how to improve and management is currently reviewing policies and developing procedure manuals to deal with the anomalies. Recommendations made by the Audit Committee for the year 2016 are set out at **Appendix G**.

2.8 SUPPLY CHAIN MANAGEMENT

The Municipality has a supply chain management policy in place which was reviewed during the 2015/16 financial year and approved as a reviewed document on 30 May 2016. The objective of this policy is to provide a policy framework within which the Municipal Manager and Chief Financial Officer can institute and maintain a supply chain management system which is transparent, efficient, equitable, and competitive. The policy also ensures the principles of best value for money for the municipality is outlined; applies the highest possible ethical standards; and promotes local economic development. By adopting this policy the council further pledged itself and the municipal administration to the full support of the Proudly South African campaign and to the observance of all applicable national legislation, including specifically the:

- Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
- Broad Based Black Economic Empowerment Act. No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act; and
- Where applicable, the council also pledges itself to observe the requirements of the Construction Industry Development Board Act No. 38 of 2000 and its regulations.

Reports on the implementation of the SCM policy are submitted quarterly to the Accounting Officer; the Mayor; and Council. The last quarterly report was tabled to Council on 26 July 2016. The SCM Annual report on the implementation of the SCM policy for the 2015/16 financial year was submitted to the Accounting Officer; Mayor and the Council on 26 July 2016, according to the regulations.

The municipality employed the Manager: Supply Chain and Asset Management in June 2015 financial year, but the incumbent resigned and left the institution at the end of August 2015. The municipality then re-advertised the position and filled it with an internal incumbent that has led the section since

2010. The municipality is however yet to fill the incumbents previous post of procurement officer after the organogram is approved where we have proposed the post to be amended to be Accountant: Supply Chain Management. It is anticipated that when all the SCM posts are filled, the procurement processes will improve and the audit findings be reduced to a minimum

2.9 BY-LAWS

By-laws Introduced during Year					
Newly Developed	**Revised**	**Public Participation Conducted Prior to Adoption of Bylaws (Yes/No)**	**Dates of Public Participation**	**By-Laws Gazetted * (Yes/No)**	**Date of Publication**
Aerodrome	✓	Yes	23/10/2015 & 24/05/2016	No	
Community Fires Safety	✓	Yes	23/10/2015 & 24/05/2016	No	
Customer Care & Revenue Management	✓	Yes	23/10/2015 & 24/05/2016	No	
Fencing and Fences	✓	Yes	23/10/2015 & 24/05/2016	No	
Funeral Parlours, Cemeteries and Crematoria	✓	Yes	23/10/2015 & 24/05/2016	No	
Impounding of Animals	✓	Yes	23/10/2015 & 24/05/2016	No	
Liquor Selling	✓	Yes	23/10/2015 & 24/05/2016	No	
Outdoor Advertising and Signage		Yes	23/10/2015 & 24/05/2016	No	
Prevention and Suppression of Public Nuisances	✓	Yes	23/10/2015 & 24/05/2016	No	
Public Amenities	✓	Yes	23/10/2015 & 24/05/2016	No	
Roads and Traffic	✓	Yes	23/10/2015 & 24/05/2016	No	
Solid Waste Disposal	✓	Yes	23/10/2015 & 24/05/2016	No	
Sporting Facilities	✓	Yes	23/10/2015 & 24/05/2016	No	
Storm Water Management	✓	Yes	23/10/2015 & 24/05/2016	No	
Street Trading	✓	Yes	23/10/2015 & 24/05/2016	No	
Tariff		Yes	23/10/2015 & 24/05/2016	No	
Toll Parking Areas		Yes	23/10/2015 & 24/05/2016	No	
Water Supply and Sanitation Services	✓	Yes	23/10/2015 & 24/05/2016	No	
Spatial Planning and Land Use Management Act (SPLUMA)	✓	Yes	17 July 2015		

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

INTRODUCTION

Service delivery is at the forefront of what BCRM aims to achieve. It is vitally important that all municipal structures and entities are optimally harnessed in such a way that will make the delivery of services to the residents a reality. This chapter deals with service delivery of basic services over the past financial year and gives a detailed breakdown of the various activities, achievements and challenges that the municipality has faced with regards to service delivery. BCRM classifies basic services as Water, electricity, sewer, refuse services, infrastructure and housing.

This chapter gives an overall picture of where the municipality is placed in terms of this important function.

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

Service delivery is at the heart of what BCRM aims to achieve. It is vitally important that all municipal structures and entities are optimally harnessed in such a way that will make the delivery of services to the residents a reality. This chapter deals with service delivery of basic services over the past financial year and gives a detailed breakdown of the various activities, achievements and challenges that the municipality has faced with regards to service delivery. BCRM classifies basic services as Water, electricity, sewer, refuse services, infrastructure and housing.

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

Somerset East

The bulk raw water supply for the town of Somerset East consist mainly of the extraction of Orange-Fish River Scheme water from the Somerset East Irrigation Sub-Area Canal (SEISA), supply from boreholes and supply from fountains and mountain runoff in the Bestershoek area. Raw water is extracted from the SEISA Canal where it is currently pumped to the Lake Bertie and Van der Walt dams where after it is purified at the Orange-Fish and Bestershoek Water Purification works at a rate of 94m^3/hr. The allocated extraction limit from the Canal is 100m^3/hr. The raw water supply has recently been upgraded to 252 m^2 / hr to the dams as mentioned above.

The Orange-Fish Purification Works was designed to treat a capacity of 54l/s, but can only achieve a maximum output of 45l/s. The total amount of raw water that was pumped from the SEISA Canal in the last year was measured to be 1803m^3/day on average with 133 days pumping totalling 239 799 m^3/a. Actual measured volume extracted from the Canal was 226 244m^3.

During rain, runoff water accumulates in the Bestershoek catchment area. The runoff supplies the Bestershoek Dam, which overflows into the Van Der Walt Dam lower down in the same valley. Overflow water from the Van Der Walt Dam is channelled to Lake Bertie. All three holding dams are earth dams. Lake Bertie is situated approximately 2.7km south east from the Van Der Walt Dam.

Several fountains draining from the Bestershoek Valley and mountains feed into the Bestershoek Dam. These fountains have been developed in the past and feeds down to the Bestershoek Dam in pipelines. During dry seasons or drought the yields of the fountains seized.

Raw water is extracted from the outlet structure of the Dam to the Bestershoek Purification Works beyond, by means of gravity. The incoming raw water supply is measured at the works. Raw water is also pumped from the Van Der Walt Dam lower down the valley to the Purification Works at Bestershoek having a purification capacity of 27l/s.

Cookhouse: Extraction from Hougham-Abrahamson Canal

The extraction from this point is by means of a pump system as well as from the upgraded Orange Fish canal gravity system. The water is extracted from the Hough Abrahamson canal by means of flooded suction from a sluiced take- off into the pump house from where it is pumped by means of a 150mm diameter pipeline to the water treatment works with a capacity of 53l/s. The length of the pipeline is measured to be approximately 1800m. An agreement existed between the Hougham-Abrahamson Irrigation Board and the Cookhouse Transitional Council for the extraction of a maximum of 100m^3/hr subject to a maximum of 365 000m^3/annum (29.2ha) of raw water . Currently the measured extraction rate is calculated to be approximately 52m^3/hr on average. The pump station is equipped with 2 pumps with 22kW electric motors with a maximum capacity of approximately 55m^3/hr.

No records of registration exist of the 40Ml retention dam at the new WTW.

Cookhouse: Extraction from Boschberg Canal

The Boschberg Canal was originally constructed - as a community scheme by the members of the Boschberg Sub-Area (formerly the Boschberg Irrigation Board) - to a capacity that was determined by the needs of the members. The Scheme was funded by the members. The Boschberg Canal feeds from the Orange-Fish River Canal and supplies water to its members downstream until it ends at the Van Aardt Dam adjacent to Cookhouse - privately owned by a local farmer.

With the serious shortage of portable water for the town of Cookhouse, the Cookhouse Local Council approached the Boschberg Sub-Area at the time regarding an interim agreement that the Council would be able to use “excess overflow water” not utilized at the time by the members of the Board. A verbal agreement was made that in exchange for assistance in maintaining the Canal and the sealing of the Van Aardt Dam, the Council could utilize the excess water. There is no evidence of any volumes mentioned.

The Council, as result of the “gentlemen’s agreement”, had a sluice distributor and a pipeline constructed from the end of the Boschberg Canal to the new water treatment works in Cookhouse. The pipeline is 315mm dia. uPVC. The Municipality made use of the excess water from the Boschberg Canal by means of this system, but could never rely on a guaranteed supply from the Canal. In 2005

the Blue Crane Municipality formally applied to the Department Of Water Affairs for an allocation of water via the Boschberg Canal. It was turned down by the Boschberg Sub-Area stating that no permanent excess capacity was available. They did however agree to temporarily assist should excess capacity be available.

NOTE: The above supply arrangements have been changed with the new direct gravity supply directly from the Orange Fish main canal.

Pearston: Extraction from Boreholes

The water supply to the town of Pearston is completely dependent on the supply of water from boreholes. In total five boreholes contributes to the bulk supply of water to the town.
The town of Pearston recently had three boreholes which did not have any details with regards to their safe yield data and depth. This has been rectified through a project to augment the Pearston water supply, which also established safe yield to ensure that the boreholes do not run dry.

Major challenges in Water Services and Remedial Actions
The following challenges are faced by the BCRM:

Pearston

Pearston obtains its water from boreholes only. Close monitoring of the abstraction is required to ensure sustainable and sufficient water supply on a long term for Pearston. Safe yield test results established on an ACIP project for Augmentation of Community Water Supply are a positive step towards borehole management, however data logging is needed to monitor the level of water in the boreholes for more accurate and reliable monitoring of the boreholes.

Somerset East

Water is obtained from surface water that is seasonal and rainfall dependant, as well as water from the Orange-Fish Irrigation Scheme. The town is dependent on the only reliable source, being the Orange-Fish Canal supply. A project has been completed and it's being implemented for a new bulk water pipeline to ensure that the town will be able to overcome any water shortage threats in the future.

Cookhouse

Due to the fact that Cookhouse was administered by the old Transnet, all assets and rights still resides with Transnet. The town is dependent on water from the Orange-Fish Irrigation Scheme and has no surface or borehole sources.

The present water supply to the town is not reliable, and a pipeline is recently completed from the Orange- Fish Scheme to secure sustainable water to the town. However this line is only approximately 35% of the bulk line to Cookhouse which needs an upgrade.

Water losses

The total water losses in the municipality are estimated to be at 74 ML/annum. Domestic activities account for the largest amount of the water usage and losses thereof in Blue Crane Route Municipality, industries being the biggest user. According to available data, domestic water usage is increasing by approximately 700 cubic meters per day for the financial years leading to 2013/2014. Industries have however seen an increase in water usage of approximately 50 cubic meters per day.

The municipal water balance is not as accurate as it should. Open space such as parks and sports fields are not metered and therefor used in these premises are accounted for as water losses or unaccounted for. Water used through fire hydrants is also not accounted for and contributes to non-revenue water or water losses.

Projects

1. Augmentation of Pearston water supply
2. Drilling of new boreholes
3. Yield testing Pearston boreholes
4. Construction of a chlorine room at Orange Fish WTW

COMMENT ON WATER USE BY SECTOR:

Domestic activities account for the largest part of water usage in BCRM, industry being the second largest consumer. Agricultural activities are supplied by private boreholes in Blue Crane Route Municipality, with only electricity being supplied by the Municipality to the farmers.

Water Service Delivery Levels

Households

Description	2012/13	2013/14	2014/15	2015/16
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	5 022	5 022	5 022	5 022
Piped water inside yard (but not in dwelling)	3 903	3 903	3 903	3 903
Using public tap (within 200m from dwelling)	350	350	350	350
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	9 275	9 275	9 275	9 275
Minimum Service Level and Above Percentage	95%	95%	95%	95%
Water: (below min level)				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling	172	172	172	172
No water supply	340	340	350	350
Below Minimum Service Level sub-total	512	512	522	522
Below Minimum Service Level Percentage	5%	5%	5%	5%
Total number of households*	9 787	9 787	9 797	9 797

** - To include informal settlements* *T 3.1.3*

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

BCRM has experienced a number of challenges with regards to water services of these include the following:

• Pearston obtains its water from boreholes only. The augmented water supply in Pearston ensure that the town has constant and sustainable water supply. However under the project to augment Pearston water supply, two boreholes were not connected due to budget constraints and therefor a follow up project has been initiated to complete phase two of water supply in Pearston. Pearston does not have surface water and entirely relies on borehole water, this means that the water supply in Pearston is dependent on mechanical means to abstract the water and to a certain extent for distribution of the water.

• Somerset East Water is obtained from surface water that is seasonal and rainfall dependent, as well as water from the Orange/Fish Irrigation Scheme. The town is dependent on the only reliable source, being the Orange/Fish Canal supply. A project has been completed and it's being implemented with a new bulk water pipeline to ensure that the town will be able to overcome any water shortage threats in the future.
• Due to the fact that Cookhouse was administered by the old Transnet, all assets and rights still reside with Transnet. The town is dependent on water from the Orange/Fish Irrigation Scheme and has no surface or borehole sources. The present water supply to the town is not reliable, and a pipeline is required from the Orange-Fish Scheme to secure sustainable water to the town

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Sewer outfall is managed by various methods in the Blue Crane Route. Apart from the informal settlements and 5 House in Somerset East, the entire community of the Somerset East urban area is serviced with a waterborne sewer system. A substantial capital outlay has been budgeted for and is being spent; further provision must be made for upgrading the facility to a waterborne reticulation system. The BCRM has eradicating the Bucket System in line with the national priority requiring all bucket systems to be completely eradicated, however 5 buckets still exist in formal settlements and informal settlement still remain with the backlog mainly due unavailability of suitable land. The BCRM‟s objective is to supply each consumer with full water borne sanitation system, if technically and financially feasible.

Sanitation Services delivery strategy and main role-players

As a WSP and a WSA, the Municipality takes full responsibility for sewage disposal and treatment in all towns.

Level and standards in Sanitation Services

BCRM has not eradicated all buckets and some residents in formal settlements and the entire infromal settlemets are still using buckets. BCRM is in the process of upgrading the bulk WWTW facilities in all towns and the status is as follows:

Pearston

The Municipality is in a process of seeking funding for an assessment of the Pearston WWTW and upgrade thereof based on the findings and growth patterns of the area. Currently the pond system being utilised is not able to effectively cope with influent of Pearston.

Somerset East

Residential reticulation in the town is old and requires intensive maintenance actions. The municipality has recently upgraded the pond system in Somerset East to an activated sludge system to cope with the hydraulic load of 2.5Ml per day and comply with Department of Water and Sanitation effluent requirements.

Cookhouse

The bulk WWTW needs to be upgraded and the project is under-design. MIG funds have been allocated to the project, but the progress has been retarded due to an EIA study that could not be completed in the past three years. However the Record of Approval has been granted and the municipality has also applied to DWS: RBIG for complete funding to be able to complete the project and unlock the housing backlog in Cookhouse from the perspective of bulk capacity of sanitation.

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The Blue Crane Route Municipality waste water treatment facilities are generally overstressed and operating over capacity. The Municipality is however planning to upgrade the facilities and is currently busy with a construction of the Somerset East waste water treatment works and awaiting RoD of the EIA to begin with the upgrade of the Cookhouse waste water treatment works. The BCRM plans to eradicate all bucket systems and sceptic tanks within the municipality through the Department of Human Settlement within the next 5 years.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The BCRM is a licensed distributor of Electricity within the area and is registered with NERSA licence number NER/D/EC102. Electricity is being distributed by the Municipality to its consumers of about 8691. The Blue Crane Route Municipality has vast distribution networks consisting of a combination of urban and rural infrastructure to ensure a sustainable electricity supply to its consumers.
It is a challenging task to maintain this vast electrical infrastructure and expand, upgrade, or refurbish with the available funding. The agricultural sector is the biggest electricity consuming sector and is growing.

Maintenance of street lights

BCRM had a problem of street lights that were working day and night adding to the 24% losses. Material was bought and new control boxes were built and installed to control the street lights. Kwh meters were installed to measure consumption. Lighting switchgear was installed in Aeroville to reduce loading and correct a fault street lights that were constantly tripping.

BCRM procured vehicles for the electrical serviced department to speed up service delivery as well as response time to problems.

The electrical services department is in a process of auditing all kWh meters to establish the main source of the losses.

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Blue Crane Route Municipality's electricity covers an area of approximately 9900km2; this includes the three (3) towns, Somerset East, Cookhouse and Pearston, as well as an extensive farming community. The supply ranges from a full connection in rural and urban areas and prepaid to a ready board

system, the Municipality has its own distribution licence to supply electricity to rural and urban areas within its boundaries. Our maximum demand hovers in the region of 15, 5 MVA.

Maintenance:

Maintenance was done in high masts lights in all the three towns
Street lights were repaired in the following areas:

- Francisvale
- Mahali
- Vosloodal
- Protea Crescent
- Belgravia

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Refuse collection services are provided to all the residents of BCRM in Cookhouse, Pearston and Somerset East. There is a set schedule for the collection of household and business refuse. This type of waste is collected at least once a week in different days in residential areas of Somerset East. In Cookhouse and Pearston household and business refuse is collected Monday's only and the rest of the remaining days in that week are used to collect garden refuse.

The challenge with the collection of garden refuse is that it is not regulated by the municipality. Members of the community dump any day of the week and some dump big heaps. Some even create illegal dumps as they do not want to dump in front of their own properties and so they dump on the corners of the streets.

The municipality has included a 5 ton truck and a skidsteer in its 2016/17 capital budget. This will improve the collection of garden waste.

All three of the municipal solid waste disposal sites are permitted but none is managed according to the minimum requirements for landfill sites. Since the adoption and approval of the Integrated Waste Management Plan in 2008 by Council, the department has not been able to implement any recommended project to address waste management challenges. This is due to lack of funding as the municipality depends on MIG funding for big projects. With the help of the Sarah Baartman District Municipality, the IWMP is in the process of being reviewed to be finalised in the 2016/17 financial year.

The Department of Environmental Affairs through a Cokisa Consulting Company has assisted the municipality with a weigh pad and trained two youth to record waste volumes at the Somerset East landfill site. The other seven participants of the Youth Jobs in Waste Programme are involved in the environmental awareness campaigns to eradicate illegal dumps. These campaigns are planned to take place quarterly.

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The following are the waste management challenges as experienced by BCRM in the 2015/16 financial year.

1) Increased disciplinary hearings.
2) Constant breakdown of vehicles and machinery
3) Inadequate collection of revenue on refuse removal services
4) Businesses are using the public refuse drums for their waste to avoid paying for the extra waste generated.
5) Illegal dumping by members of the public still continues despite awareness campaigns conducted.
6) Poorly managed landfill sites due to lack of resources for maintenance

In order to overcome some of the above challenges, the following interventions were implemented in the financial year in questions

1) **Environmental Awareness campaigns –** These campaigns focused on educating members of the public on waste management issues and waste collection schedules of the municipality including the bylaws applicable. This is done in cooperation with the Community Works Programme participants, Youth Jobs in Waste participants, Environmental Health Practitioners and the Waste Management Section of the Municipality. There is quite an improvement in this area.
2) **Eradication of illegal dumps - I**llegal dumps are identified on continuous basis, cleaned and beautified. During these campaigns members of the public living closer to the dumps are encouraged to adopt these beautified spots and ensure that no one dumps again.
3) **Lobby funding for Recycling initiatives –** At the moment recycling is done at a lower scale by a private company. The department embarked on lobbing funds to improve recycling initiatives so that there is very little waste that goes to the landfill sites. Through IWARS DTI has promised to fund the recycling project in the area. Three buy back centres will be established in the three towns. Some of the wheely bins will be distributed to schools during the 2016/17 awareness campaigns and schools will be encouraged to separate waste at source and sell the recyclables to the buy- back centres.

3.5 HOUSING

HOUSING SECTOR PLAN

The Municipality's has recently reviewed its Housing Sector Plan which was finalized in October 2014. The Housing Sector Plan was funded by the Department of Human Settlements in the Eastern Cape Province and was conducted by Gibb Engineering & Science Consultant. The Housing Sector Plan estimates the housing demand profile to be approximately 4800; this estimate is derived from the beneficiary information registered on the municipal housing office. The majority of the registered beneficiaries earns less than R3200.00 per month and can be assumed to qualify for the low cost housing subsidy.

The HSP indicate that the greatest need for housing is in Somerset East (2872) followed by Cookhouse (984) and lastly Pearston (667). Information from HOUSING

NEEDS REGISTER

There is a greatest need for middle-income housing, particularly in Somerset East. In light of the above attempts were made by Blue Crane Route Municipality (BCRM) and Eastern Cape Department of Human Settlements (ECDoHS) for an application to develop flats to accommodate the middle-income /rental stock at CRU area. Somerset East and Cookhouse have been experiencing a shortage of suitable land for housing development. There is a need for accommodation as a retaining strategy for professional staff employed in various capacities within the municipal area. .

Housing Needs Challenges

The main challenge facing BCRM remains the shortage of publicly owned and strategically located land for human settlement development. Most of the land parcels required is not in the municipal ownership and needs to be purchased. While a number of housing projects have been identified there is still a need for approximately 100 hectares of land to meet the current housing demand.

The area that is severely affected is Cookhouse as it is landlocked due to the fact that the large portion of land is owned by Transnet who have no intention of relinquishing the land despite the fact that they don't have any immediate plans for it.

The other impediments are the inadequate bulk provision (Electricity, water and sewerage). With regards to Wastewater Treatment Works a project is underway to upgrade the Somerset East facility and is scheduled for completion by the next financial year. The Cookhouse project is still at planning stages and will be implemented as soon as adequate funding is secured.

Water provision: phase 1 of the Cookhouse bulk water supply is finished and plans are in place for the second phase to commence as soon as funding is secured.
Plans for Pearston water provision are in place to investigate the option of diverting water from Orange River Canal for provision of sustainable water supply to Pearston.

Municipal Housing Profile

Approximately 74% of households live in formal residential dwellings and more than 58% earn below R3200 and would qualify for low cost housing subsidy. 5,1 % of households live in informal dwellings within the BCRM area and this in essence indicates that the number of informal settlements is smaller than most of the municipalities within the district. About 18% of households live in farms, forming part of the rural community. Approximately 35,4% of the households are headed by women while there are no child headed households. Currently the municipality does not have blocked projects

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

BCRM provides free basic services to those classified as indigent in the municipality. Families that are classified as indigent are determined by the municipality through an indigent policy. During the 2015/16 financial year, the threshold to qualify for Indigent Assistance was increase by a further R500 per household over and above the annual pension rate increase. The municipality maintains a register

which allows it to document all those households needing access to free basic services. The indigent policy seeks to realise the following objectives:

- The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council. In this regard the Municipality is able to mitigate the impact of poverty and unemployment;
- The financial sustainability of free basic services through the determination of an appropriate tariff system that contributes to such sustainability through cross subsidisation;
- Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy;
- The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households; and
- Co-operative governance with other spheres of government.

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

As reflected in the Introductory remarks, the municipality provides indigent assistance to all households with an income less than two state pensions plus R500. The access to this assistance is through a formal application process whereby customers can apply personally at the Municipal Offices or participate in the annual Indigent Register Update programme where the municipality conducts visits to all wards to capture these applications.

During the year under review, the municipality conducted various Masakhane Outreaches from September 2016 up to June 2016. Field work was done by visiting Community Halls throughout this period whereby Masakhane awareness was created. These outreaches saw the Indigent register maintain its numbers from 3986 in July 2015 to 4383 in June 2016. Feedback sessions on the Indigent Register was done in June 2016 which led to the final adoption of the Indigent Register on 30 June 2016.

The Indigent Steering Committee (ISC) continued its seating during this financial year with four meetings being convened for the year. Although four meetings were convened, the municipality fell short of its target of 5 meetings for the year. The ISC is comprised of the Mayor, in her capacity as Finance Standing Committee Chairperson, as Chairperson; all 6 Ward Councillors; the 5 Community Development Workers (CDWs); and relevant Finance Department officials. The target is to continue with these meetings to improve the provision of Free Basic Services to the deserving community.

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

INTRODUCTION TO ROADS AND STORMWATER DRAINAGE

Roads form one of most basic infrastructural components necessary for development. A well-functioning and well maintained road network creates a positive economic environment influencing the economic activity of the area. In the context of the BCRM, the extent and quality of the existing road network has a significant impact on both the local economy and the community as a whole, since it fundamentally impact on the mobility of both people and produce into the area.

In an economic context, this specifically affects the agricultural related industries and tourism, in particular. If the road network is not sufficiently maintained it could have a negative influence on the potential growth rate of the leading economic sectors. The existing bitumen surfaced roads are deteriorating, as the Municipality does not have sufficient funding for road maintenance.

The general status of roads in the urban areas of Blue Crane Route ranges from tar surfaced in central business areas and higher income residential areas to gravel surfaced and graded roads in the middle and low income areas respectively. The maintenance of roads throughout the entire Blue Crane Route Municipal Area (urban and rural) is problematic due to the lack of funding. Urgent attention and funding is needed to address this problem.

The existing Storm water drainage is maintained and upgraded by the team on a weekly basis. The municipality's responsibility is to ensure that when there are heavy rains all the storm water drains are unblocked.

The projects implemented for the upgrading of gravel road, the municipality ensures that, it caters for the storm water gradient slope to re-route the water flow coming from the mountains to the nearby river.

Challenges experienced:

• The municipality's residential areas are below the mountains and most of the time it affects the roads and the driveways of houses. This gives the municipality the challenge of receiving complaints from the community members about their houses being damaged by the strong water flowing from those mountain falls.
• The budget is very limited to address all the stormwater drainage challenges because currently only using the maintenance budget which does not do much in addressing these issues.

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipal road infrastructure mainly composes of collectors and access roads (i.e. Class 4 & 5 roads), approximately 60% of the road infrastructure is gravel roads/ not surfaced. The municipality does not have sufficient budget for maintaining the existing road infrastructure and the current grant allocations are not sufficient to eradicate the road infrastructure backlog. The municipality is however considering other avenues to find the road infrastructure maintenance funds or upgrade funds.

BCRM is in the process of developing a business plan for the formulation of the Storm water Master Plan, to be able to address all the challenges of storm water drainage system in all the areas.

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT
EPWP:

BCRM has received funding for job creation through EPWP incentive grant. This programme is targeted in creating jobs in a municipal area. This funding is allocated for each affected municipality

through the department of public works. Reporting of jobs created is expected on a monthly basis from all Municipalities benefiting from this particular grant. BCRM has received this funding and has managed to create jobs in all areas of its jurisdiction.

The BCRM has managed to create 133 job opportunities as per the allocated funding for this financial year. The projects were intended to be labour intensive and there were no skills transferred as per the identified and implemented projects.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.9 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Blue Crane Route Municipal libraries public library service at 6 circulating libraries across the Municipal area. Anyone may use these libraries, but only members may loan library material and use the internet.
The Library Service aims to provide information resources in various formats to the entire BCRM population, to foster a life-long reading culture. Such resources include information to develop skills and interests; educational material to both the formal and informal education system; recreational material for leisure; and cultural material adding to an understanding of other cultures.

1. Providing updated information to scholars and community.

All the libraries have computers for the public to use and 5 libraries have internet as well. All libraries have Wi-Fi. Measures are taken to improve performance by means of librarians assisting public and scholars in using the internet and other computer programmes. Colour printers and competitive prices for printing help to give good service.

2. Outreaches to adults and children.

All the libraries provide outreaches to pre-scholars weekly and 1 library provide outreach to the local Old Age Home every two weeks.

Measures taken to improve performance: some librarians read out loud to the illiterate at the Old Age Home and pre-school scholars. Outreach programmes are offered to the elderly in the form of handcrafts.

2. Educational programmes for pre-scholars and scholars

Educational programmes are held for pre-scholars every week supplied by all libraries.

Measures taken to improve performance: Story hour programmes equips the children for school readiness.

Holiday programmes are provided to keep the children actively occupied and out of the street.
These programmes ensure that every interested member of the community is reached and supplied with relevant information.

Support is given to the poverty stricken community by providing computers and books to improve their standard of living.

The librarians support Mandela day and give out soup and bread to the poverty stricken community.

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

6 Libraries placed in every community for the use of all the members.
6 Qualified librarians and 3 qualified teachers are in charge of the libraries
2 Assistant librarians assist the librarians in their work.

Paid-up Members consist of 1200 Adults and 2500 children
Every library have at least 15000 books
Circulation is 116386 books yearly

3.10 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

Blue Crane Route Municipality residents are still concentrating on only one method of burial which is digging of graves. Other methods of burial have not been fully explored especially amongst the black communities. With the increased number of funerals taking place weekly, the cemeteries are reaching its full capacity. It will be important for the communities to consider other methods of burial to ensure that cemeteries do not fill quickly.

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

BCRM has nine cemeteries in total. Only six of the nine cemeteries are officially operating. These are all three in Pearston, one in Cookhouse and two in Somerset East. The other three are full. The one cemetery in Cookhouse is about to reach its full capacity and that means a new site has been to identified soon to undergo all environmental processes to be authorised as a cemetery.

In Somerset East, a new site has already been identified in Aeroville to establish a new cemetery. All geotechnical studies, environmental studies and ground water studies were done and the site was recommended for a cemetery. The municipality is only received the Record of Decision from the Department of Environmental Affairs in November 2014.

Due to lack of funds for this project, the ROD lapsed and a new application to the Department of Environmental Affairs was done. The municipality is looking at other funding options for this project as it cannot afford it from its own coffers. R600 000.00 has been provided for in the 2016/17 capital budget for the fencing of the cemetery but this can only happen the road going through the current land identified has been realigned.

The maintenance of cemeteries is performed by a group of employees who also responsible for the parks and open spaces. It is difficult to separate expenditure for cemeteries as there is no separate budget for them. This is for both general expenditure and employee expenses.

COMPONENT E: HEALTH

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONs, Etc OVERALL:

The Environmental Health Practitioners are responsible for Health inspections as part of their scope of practice. The scope of work includes;

- Water quality monitoring
  Food control
- Health surveillance of premises
- Surveillance and prevention of communicable diseases
- Waste management

The EHP's perform their functions within the BCRM area of jurisdiction reporting to council while at the same time reports are submitted to the district. The function is funded by the district through the SLA. The funding allocation by the district is based on a national formula that says one EHP per 15000 population.

Water quality monitoring is done monthly in terms of SANS 241 and all deviations are attended to and reported to the Technical Services for further intervention.

Food control is done through health inspections on food handling premises in terms of Food, Cosmetic and Disinfectant Act Regulations (ie R962). Those food handling premises that are not compliant with the Regulations are given notices to rectify the conditions with a specified timeframe. Health surveillance of premises is also conducted in the same manner.

Waste management is a function of the municipality and the EHP's ensure compliance with the Waste Act and also to prevent occurrence of diseases that could be as a result of waste not being properly managed. The municipality has teams that do the actual collection, transportation and disposal of waste. The two units work together to ensure waste is managed in an acceptable manner.

COMPONENT F: SECURITY AND SAFETY

INTRODUCTION TO SECURITY & SAFETY

The vision of the security and safety is to protect and to serve the Community of BCRM. To deliver quality services through the 8 pillars of Batho Pele Principles. Render a services where the people we serve are put first and where officials go beyond the call of duty.

3.20 TRAFFIC SERVICES

Traffic Services is currently providing the following services;

1. Registering Authority (Motor Vehicle Registration and Licensing, including Motor Vehicle Testing for Roadworthiness. – The VTS are rendering a free Scholar Transport Roadworthy Test prior to the commence of a new school Term. The E-Natis Clerks are fully trained and friendly.
2. Driver License Testing Centre (Learner License Venue and Drivers' License Barn, manned by Qualified Examiners. – The DLTC services have a complement of 5 Examiners which is contributing positive in our quest for Services Delivery. The DLTC is not only serving the BCRM Community however the surrounding communities as well.

Road Traffic Safety Programs for all within BCRM area, starting at school level up to adulthood, presenting different programs as per the different levels. – The Traffic Services have extended the services to all schools in form of scholar patrol where needed and School leavers to all Senior schools within the BCRM area, to ensure that we create better and safe road users. Law Enforcement Section strives to take the town back and do away with all lawlessness

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

The year 2015/2016 generally had a significant increase incidents mainly informal dwelling and formal dwelling fires and vegetation fires. We also continued with our Community Awareness and education on-going programmes at hospitals, retirement villages schools, clinics, etc as well as meetings with the service provider Aurecon regarding ward based Risk Assessments conducted during the month of June 2016, which will inform our disaster management plan .

1. CRITICAL ASPECTS NEEDING ATTENTION

- On-going use of Fire Tender as water tanker for drought relief is posing very high risk with regards to serious delays in response times
- Also the absence of a control room and control room staff contributes to a further delay in response time of which can result in serious repercussions for council. Also nonexistence of telephone lines and internet access at fire station.
- Use of Medium pumper as water tanker for drought relief resulted in the Fire engines non availability for house fire in Pearston 11 February 2016, 11h30.
- The on-going absent of telephone line and internet connection at Fire station which was reported in December 2015 to IT division with regular follow ups also is a major contributor for delays in attendance with regards to emergency incidents and administration.
- The purchase of 2 x 4000 litre JoJo tanks mounted on 2 x 5 ton axle trailers with pumps will prevent a re-occurrence with regards to the Pearston house fire.
- During the month of May 2016 approximately 6 light aircrafts including an 18 seater, other than the 3 aircrafts of the flying school Progress landed at Aeroville airfield please note with the absence of a Rapid intervention foam vehicle and adequate foam supplies any eventuality of a plane crash can result in some major disaster. We as the fire service are not adequately equipped.
- Nissan hard body Pearston skid unit registration number CYW126 EC was written off by the insurance due to the accident of 21 January 2016 and still have not been replaced we suggested that one of the recently replaced vehicles (LDV) of Technical Division to be used as an interim contingency measure. The firefighting equipment is available. According to the Asset management official the registration papers are missing and insurance therefore cannot settle the matter .I advised him to apply for a duplicate.

1. INCIDENTS

Quarter/dates	TYPE	NO	FATALITIES	DESCRIPTION
Q1 July-September 2015	Informal dwelling Dwelling/building Mva Haz Vegetation	2 4 1 0 18		2 Dwellings and 1 building burnt during this quarter 2 x rubbish fires,16 vegetation fires
Q2 October_-December 2015	Informal dwelling Dwelling Mva Haz Vegetation Other	8 1 1 0 20 1	2	1 fatality shack fire 1 fatality in an mva 1 electrical fire
Q3 January – March 2016	Informal dwelling Dwelling Mva Vegetation Other	1 3 0 12 1	0	No hazmat incidents 1 electrical fire
Q4 April -June 2016	Inform dwelling Dwelling Mva Haz Vegetation Aircraft	3 2 2 0 12 1	2	1 Male adults died in a shack fire 1 light aircraft crashed into the fence at airport in aeroville whilst landing
Totals	Average response times 13 min,rural 47 min	92	4	

Water delivery/drought relief

Quarter/date	No of Trips	Quantity in litres	Kilometres
Q 1 July-September 2015	11	55 000	473
Q2 Oct-December 2015	21	105 000	1091
Q3 Jan-March 2016	31	155 000	833
Q4 Mar- June 2016	29	145 000	2140
Totals	93	460 000	4537

COMMUNITY AWARENESS PROGRAMMES

A number of institutions were visited where fire and disaster management awareness on these areas was conducted as part of the Department's precautionary and preventative risk reduction strategy.

PERIOD/QUARTER	TYPE AND NUMBER OF INSTITUITIONS	NUMBER OF PARTICIPANTS	DESCRIPTION OF PARTICIPANTS
Q1 July-September 2015	2 x schools 1 x clinic	1292 56	1250 students and 42 teachers 40 community members,6 nurses,10 support staff
Q2 October -December 2015	3x farm schools	110	103 students and 7 teachers
Q3 January -March 2016	2 x schools	443	1 farm school and 1school in town 425 students 18 teachers
Q4 April -June 2016 **Totals**	1x school 2x clinics **12**	547 73 **2521**	533 students,14 teachers 56 public,17 staff

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.22 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources section provides the following functions:

- **Human Resources Provisioning comprise of;**
    - Human Resources Planning
    - Recruitment and Selection,
    - Staff Placement,
    - Induction and career pathing.
    - Overall HR staff Management/Supervision
    - Outlining the relevant policy/legislation to council and municipality
    - Interpret and implements labour legislation for the institution
    - Advises Directorates on procedures to follow in terms of correctional action.
    - Co-ordinates the job evaluation process of the institution.
    - JD Development, Maintains and updates Organizational Development
- **Human resources development comprises of**:
    - Implement Organizational, Provincial and National strategies
    - Co-ordinate Councillors, Management and Staff development programs
    - Skills development
    - Employment equity
    - Provide a career management service
    - Administer state sponsored studies/bursaries
    - Implement Learnership and Internship programs
- **Labour Relations**
  Responsible for the following:-
    - Develop organizational labour relations strategy and policy
    - Provide a labour relations support to line function, including a support of their responsibility to the municipality
    - Provide advice and guidance to staff in respect of labour issue
    - Manage disputes and grievance resolution mechanisms
    - Administer all discipline processes (including investigations)
    - Facilitate departmental collective bargaining
    - Provide a translation service of all human resource activities

- **Functionality of the Local Labour Forum**

  Good labour relations in municipalities is a legislative imperative that must be nurtured and sustained at all costs as failure to do so may have a direct impact on the levels and quality of service delivery. The local labour forum is well functioning in the municipality as all scheduled meetings were convened. Two capabilities session were organized with SALGBC to capacitate members on the functionality of the LLF. This has significantly improved relations and the nature of items that are brought to LLF for deliberation.

⇨ **Review of the organogram and Filling of critical and vacant posts**

. All Section 56 and 57 position together with critical vacancies has been filled. Additional to senior management positions the following positions has since been filled; Head Electrician, Manager: IDP-PMS, PMU Manager, Occupational Health and Safety Officer, Manager: Supply Chain & Asset Management, Chief Traffic Officer and Accountant: Asset, Fleet & Liability Management to mention just a few. The filling of the outstanding vacancies will be done as soon the prioritization process, costing and budgeting exercise has been completed.

The municipality was assisted by CoGTA-EC in reviewing its current organisational structure and the organogram will be adopted in the 3rd quarter of 2016/17 financial year.

⇨ **Adherence to Code of Conduct**

The municipality is strictly adhering to code of conduct for Councillors and officials. All Councillors are required to sign code of conduct and have all signed codes of conduct for this current financial year.

The municipality developed an implementation plan for all municipal employees to sign code of conduct in the following manner and the plan was fully complied with;

Quarter 1: Corporate Service, Finance and Municipal Manager's Office.
Quarter 2: Community Services
Quarter 3: Technical Services

⇨ **Formulation of job descriptions**

The recent assessment conducted by the municipality has proven that the majority of employees do not have job descriptions and this has been like this since the amalgamation of municipalities. This situation has resulted to the Auditor General raising a query on this matter. The council has since approved a process of rectifying the situation by appointing a service provider who undertook to develop and review job descriptions for all job categories in the municipality before the end of the current financial year. The municipality had since appointed Ayabulela Consulting and Ukhozi Consulting who have completed the project and submitted a close out report on the 2nd June 2016.

⇨ **Implementation of job evaluation**

The municipality is participating in the SALGA initiated process of implementing job evaluation system. The Sarah Baartman District Municipality is responsible for establishing a Job Evaluation Unit which will coordinate the implementation of the system for all municipalities falling under the district. BCRM is participating in all the activities and has complied with all the requirements.

⇨ **Human Resource Plan (HR Plan)**

` CoGTA-EC assisted the municipality in the formulation of the human resource plan and was adopted on the 30th June 2015. CoGTA-EC also assisted with the formulation of an implementation plan which has since been implemented. The process was widely consultative and involved all relevant stakeholders including labor as they are a critical stakeholder in this regard.

The document outlines how the municipality will achieve the objective of the IDP through optimal utilization of human resource. Integrating the key following enabling instruments;

- Job description formulation and reviewal
- Job Evaluation process
- Institutional policy development and reviewal
- Reviewal of the Organisational Structure
- Staff training through Workplace Skills Plan
- Institutionalisation of Occupational Health and Safety
- Employee Wellness Program, and
- Employee Equity Plan

BLUE CRANE ROUTE MUNICIPALITY

LIST OF EMPLOYEES ON A CASUAL AND FIXED TERM CONTRACT EMPLOYMENT OF CASUAL EMPLOYEES FROM JANUARY TO JUNE 2016

NUMBER	Date	POSITIONS	DEPARTMENT
2	20 – 28 January 2016	Casuals: Folding of Municipal Accounts Casuals	Financial Services Department
4	04 January 2016 – 04 February 2016	Casuals: Contract Drivers (Renewal of Contracts)	Technical Services Department
4	5 January 2016 – 5 April 2016	Renewal of Casual Process Controllers Contracts	Technical Services Department
3	4 – 18 January 2016	Casuals: Cleaner / Messengers	Financial Services Department, Corporate Services Department and MM's Office
16	1 January 2016 – 31 March 2016	Casual Electro – Mechanical Services	Technical Services Department
12	18 January 2016 – 30 March 2016	Casuals: Maintenance Of Water & Waste Water Treatment Works in BCRM	Technical Services Department
2	6 – 13 January 2016	Casuals: Secretary Corporate Services	Corporate Services Department
1	1 – 29 January 2016	Pensioner's Casual Contract	Technical Services Department (Pearston)
1	1 January 2016 – 31 December 2018	Manager: Project Management Unit	Technical Services Department
1	20 April 2016 – 6 May 2016	Casual: Meter Reader	Financial Service Department
4	1 – 30 April 2016	Casuals: Contract Drivers (Renewal of Contracts)	Technical Services Department
2	22 – 29th April 2016	Casuals: Municipal Accounts Folders	Financial Services Department
1	1 April 2016 – 30 September 2016	LED Assistant	Municipal Manager's Office
8	28 April 2016 – 5 May 2016	Casuals: Distributors of Municipal Accounts Somerset East 5, Cookhouse 2, Pearston 1	Financial Services Department
13	1 April 2016 – 30 June 2016	Casuals: General Workers Electro-Mechanical Services	Technical Services Department
3	1 – 30 April 2016	Casuals: Process Controllers	Technical Services Department
1	1 April 2016 – 30 June 2016	Casual: HR Assistant (Intern)	Corporate Services Department
TOTAL: 78			

LIST OF EMPLOYEES ON A FIXED TERM CONTRACT

POSITION	INCUMBENT	TIMEFRAME
Municipal Manager	Mr. Thabiso Klaas	Contract ends August 2017
Director Community Services	Mr. Sizwe Mvunelwa	Contract ends August 2017
Director Corporate Services	Mr. Fezekile Cotani	Contract ends August 2017
Director Financial Services (CFO)	Mr. Gerard Goliath	Contract ends August 2017
Director Technical Services	Ms. Zukiswa Ntile	Contract ends August 2017

⇨ **Employment of Employees on a casual and fixed term contract**

The employment of casual has been a major problem area as community members are always suspicious of any process that does not favor them. The municipality has commissioned the development of a policy to regulate the employment of casual which will lead to the development of jobseekers database. The database will ensure that opportunities are given to all deserving residents on a fair and equitable manner. The policy will take effect from the beginning of the next financial year.

⇨ **Skills Development Programs**

The Skill Development Act requires that all employers, including municipalities, must develop a Workplace Skills Plan (WSP). The WSP is developed indicating the skills gaps, analysis and attributes identified in a particular year. This is also in line with Objective 2 of the National Skills Development Strategy, which advocates for "Promoting and accelerating quality training for all in the workplace". The WSP outlines the training capacity building programs to address the gaps and build capacity. The program consists of a skill program which is occupational based and the learnerships which are made up of structured learning component. Every year the Blue Crane Route Municipality develops a WSP indicating the skills gaps, training and capacity building programs. This is to ensure that staff members involved in both skills and learnership programs to build their capacity and enable them to respond to the needs of the community with confidence. In order to achieve this objective the municipality conducts skills audit where all employees complete skills audit questionnaires which gets translated into a skills audit profile of the municipality.

⇨ **Training and Development**

The municipality is developing Human Resources Management Policies that will ensure that all training and development initiatives for Administrative Staff and Political office bearers must be properly planned, programmed and administered and their results reviewed in order to determine-

(a) How training methodologies and programme content can be improved;

(b) To what extent a particular programme has supplied the needs of the individual learners who completed it and the Municipality;

(c) How maximum benefit can be obtained from resources devoted to training and development;

(d) How procurement and development of training programmes can be improved; and

(e) What impact completion of a programme had on the performance of a learner.

⇨ **Employment Equity**

The Employment Equity Act prescribes that every designated employer must formulate an Employment Equity Plan. This calls for the municipality to develop a policy defining its employment equity practices. The municipality has an existing employment equity policy which is due for reviewal soon as it has been adopted in 2012. The purpose of the employment equity is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through elimination of unfair discrimination. Also to implement affirmative action measures to redress the disadvantages employment experienced by designated groups in order to ensure their equitable representation in all occupational categories in the workplace. The municipality is in the process of developing an employment equity plan which is currently in draft form and is scheduled for implementation by the end of the current financial year. The municipality has been reporting regularly to the department of labor despite having a draft employment equity plan.

⇨ **Dealing with critical and scarce skills**

The municipality is developing a policy to deal with scarce skills and to cover the following fundamental principles:

- To determine the strategic and operational needs of the organization
- Strategies to attract and retain critical expertise in certain fields
- Adhering to the requirements of Employment Equity
- To apply skills transfer

The policy will be adopted by the end of the current financial year and implemented in the next financial year.

⇨ **Career Opportunities, Succession Planning and Rapid Progression**

The Municipality has a sound staffing strategy and that it takes steps to retain staff in general and in particular those employees that-

(a) Show potential;

(b) Competently occupy key positions;

(c) Possess scarce or specialised skills and knowledge; or

(d) Are Black, female or disabled.

Objectives

The objectives of this policy are-

(a) To create an ongoing supply of well trained, broadly experienced and motivated employees who are ready to step into key positions as may be needed from time to time.

(b) To ensure alignment between the career goals of individual employees and the goals of the Municipality.

(c) To establish special programmes to expose employees mentioned in paragraph 17.1 to a variety of job experiences and familiarise them with the Municipality's processes and systems.

(d) To align the future staffing needs of the Municipality with the current availability of appropriate resources within the Municipality.

(e) To define employee career paths, which will help the Municipality to train and retain a pool of suitably qualified employees.

This and other policies will be implemented as soon as council adopts Human Resources Management Policies scheduled for tabling to the council meeting at the end of May 2016.

⇨ **Attraction and Retention Policy**

The municipality is in the process of developing Human Resources Management Policies which amongst others include the Attraction and Retention Policy.

The purpose of this policy and strategy is to provide guidelines that will assist the Municipality in attracting and retaining personnel with competencies that are necessary for the realization of municipal goals in line with its vision for long term development and transformation as envisaged in the municipality's Integrated Development Plan.

The policy will be implemented as soon as it is adopted by Council scheduled for the end of May 2016.

⇨ **Performance management**

The municipality has adopted a performance management system however it is only senior management and those officials directly reporting to senior managers who are performance managed. The municipality will cascade the system to the rest of the institution at the beginning of the next financial year. Consultations are undertaken with employee representative on the modalities of implementing the system.

⇨ **Administrative matters**

The Human Resources section is currently conducting an audit of personnel files ensuring that all necessary documents are in place and in order. Another audit is the leave management system in order to introduce new measures that will ensure a credible leave management system. The municipality is developing a new induction program in order to improve on the current system which is in operation and does not give much better value.

- **Occupational Health and Safety**

  The municipality does not have an Occupational Health and Safety Officer as per requirements of the labour legislation. This has led to non-compliance with the department of labour. Significant steps were undertaken which led to the appointment of a consultant who assisted the municipality to develop a framework for the institutionalization of OHS in the organization. OHS Officer will be appointed in the fourth quarter of the current financial year.

- **Employee Wellness Programs**

  The Blue Crane Route Municipality has a commitment to ensure a health, safety and welfare of all employees at work. The municipality adopted the Employee Wellness Program in 2012 with the intention of providing internal and external professional, confidential assistance to employees. The municipality has developed an internal newsletter which will help to provide educational support on various matters affecting employees both in the workplace and at home. A range of sustainable employee wellness programs have been developed for implementation next financial year.

3.23 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communication Technology is one of the key assets of our Municipality. ICT the people, processes, infrastructure and information is embedded across the Municipality creating an enterprise wide community of owners and stakeholders. As a major investment ICT is expected to deliver value and has been found to be influenced by a stream of diverse tactical initiatives.

The primary purpose of the ICT is to provide Information and Communication Technology services to the Municipality so that the community as our main customers receive the best possible services from the municipality.

The major role of ICT section is to Implement IT Best Practices to promote good IT governance in our municipality. To Provide ICT Solutions That Respond to Customer Needs, Develop and Sustain ICT Infrastructure That Will Facilitate Effective Service Delivery and to effectively and efficiently provide ICT services which facilitate the achievement of Municipality's strategic goals.

The IT Steering Committee (ITSC) oversees the information technology investment priorities for Blue Crane Route Municipality. The IT Steering committee's assists the Council in overseeing IT-Related activities. Members of the ITSC are appointed by Municipal manager and are accountable to the Council. To ensure functionality of the IT steering committee this committee meets quarterly.

In 2015/16 financial year the IT steering committee focused on ICT Governance by ensuring reliable efficient and effective ICT function. The two main priorities were:

1) Functioning of the Steering committee
2) Implementation of ICT policies.

1) Operational Steering Committee

To ensure that our Steering committee is functional quarterly meeting were scheduled for the committee and all 4 meetings did take place as required and major IT decisions were taken.

2) ICT Policies

In addressing ICT Governance and strengthening the security of our systems seven (7) policies were adopted and approved by council.

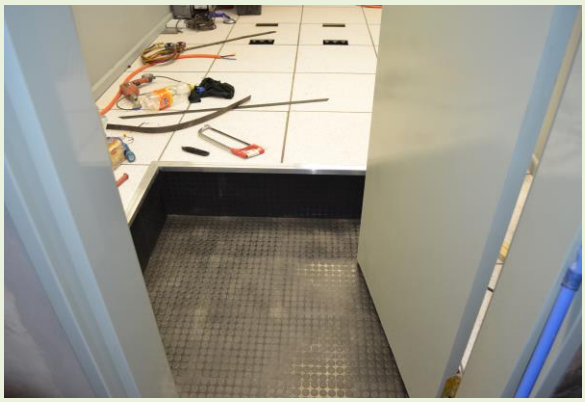
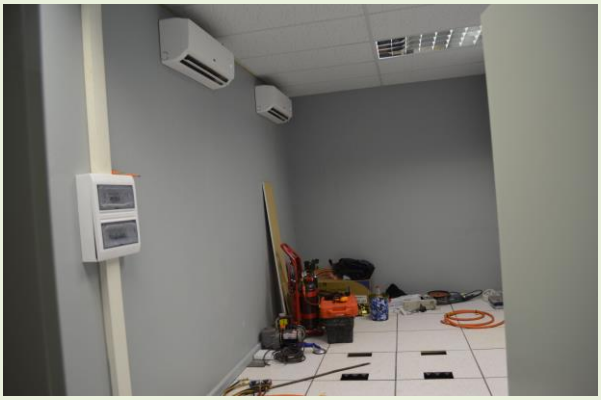
These policies are:

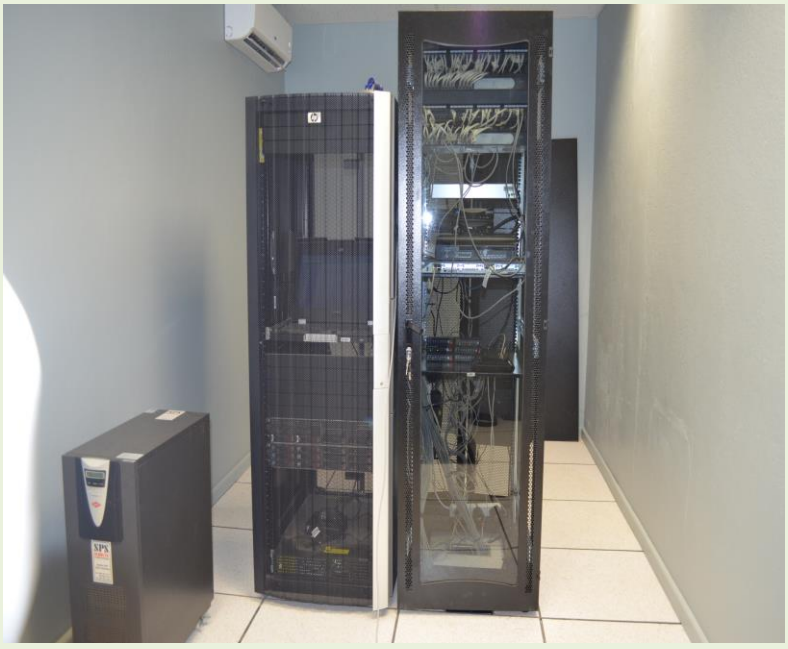
1) Internet and email policy
2) IT Network security policy
3) IT Data and Systems security policy
4) Data Recovery policy and Disaster Recovery Plan
5) Social media Policy
6) IT Program Change Management Policy
7) BCRM Corporate Governance of Information and Technology policy

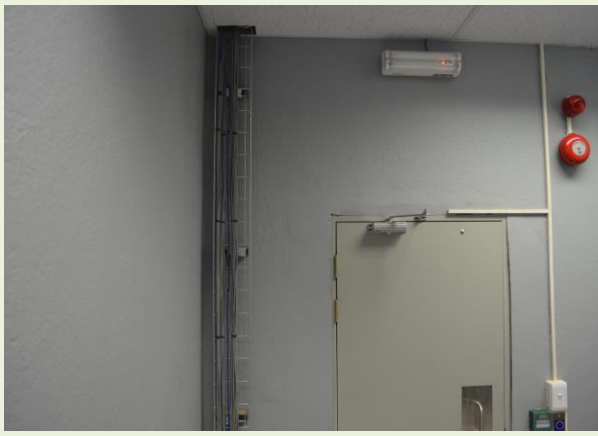
One of the major capital projects of ICT in 2015/16 financial year was the construction of the first phase of the data centre as part of upgrading the IT infrastructure to a Tier 11 standard and to improve performance. This project has amounted to **R382,000.00.**

The upgrades entail the following work

- 2 - hour fire rated door
- Raised floor
- Redundant air conditioning
- Server cabinet
- Suspended Ceiling





COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes the Annual Performance Scorecard Report for the 2015/2016 financial year.

The above report is attached as an Appendix directly after Appendix L.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality has undertaken various programs to ensure compliance with legislative provisions. The following programs were implemented by the organisation;

- Human Resource Plan – the municipality was assisted by CoGTA to develop the plan and was consulted broadly with various stakeholders including labour.
- Human Resource Policies – the municipality has adopted HR Policies at the end of May 2016 and an implementation plan will be adopted by management in the first quarter of the next financial year.
- Job Description formulation and reviewals – the municipality had not undertaken the project after the amalgamation of town based municipalities. A service provider was appointed to conduct this process and was successfully completed at the beginning of June 2016.
- Job Evaluation process – the municipality is participating in the job evaluation process whose unit is centralised in the Sarah Baartman District Municipality. The process will commence soon now that the job description formulation reviewal process is completed.
- Employment Equity Plan and Reporting – The municipality developed and adopted Employment Equity Plan which was adopted at the beginning of this current financial year. The municipality has been reporting to the Department of Labour despite the fact that there was no plan in place. The plan will end in 2017.

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	**Completed %**	**Reviewed %**	**Date adopted by council or comment on failure to adopt**
1	Affirmative Action	100		October 2012
2	Attraction and Retention	100		31 May 2016
3	Code of Conduct for employees	100		October 2012
4	Delegations, Athorisation & Responsibility	100		October 2012
5	Disciplinary Code and Procedures	100		October 2012
6	Essential Services	100		31 May 2016
7	Employee Assistance / Wellness	100		May 2006
8	Employment Equity	100		October 2012
9	Exit Management	100		31 May 2016
10	Grievance Procedures	100		October 2012
11	HIV/Aids	100		October 2012
12	Human Resource and Development	100		October 2012
13	Information Technology	100		October 2012
14	Job Evaluation	100		April 2012
15	Leave	100		October 2012
16	Occupational Health and Safety	100		October 2012
17	Official Housing	0		
18	Official Journeys	100		October 2012
19	Official transport to attend Funerals	100		31 May 2016
20	Official Working Hours and Overtime	100		31 May 2016
21	Organisational Rights	100		October 2012
22	Payroll Deductions	100		31 May 2016
23	Performance Management and Develop	100		April 2014
24	Recruitment, Selection and Appointments	100		October 2012 & 31/05/16
25	Resettlement	0		
26	Sexual Harassment	100		October 2012
27	Skills Development	100		October 2012
28	Smoking	100		October 2012
29	Special Skills	0		
30	Work Organisation	0		
31	Uniform and Protective Clothing	0		

Use name of local policies if different from above and at any other HR policies not listed

T. 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The municipality adopted HR policies on the 31st May 2016

.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finished**
Senior HR Officer	Contravene schedule 2 of Code of Conduct for Municipal Staff members clause 1 Clause 2 attempted to mislead and unduly influence the functionality of council	10/09/2015	The employee was suspended and charged and suspension was lifted on the 15/12/2015 The employee has been on sick leave since the suspension was lifted	
Driver	Fuel theft	04/02/2016	Disciplinary process ongoing	
General Worker	Drunk on duty, intimidation of seniors	10/11/2015	His case is ongoing	

4.4 SKILLS DEVELOPMENT AND TRAINING

Management Level	Gender	Employees in post as at 30 June	Number of skilled employees required and actual as at 30 June											
			Learnerships			Skills programs & other short courses			Other forms of training			Total		
		No	Actual: End of Year 1	Actual End of Year 0	Year 0 Target	Actual: End of Year 1	Actual End of Year 0	Year 0 Target	Actual: End of Year 1	Actual End of Year 0	Year 0 Target	Actual: End of Year 1	Actual End of Year 0	Year 0 Target
MM & s57	Female													
	Male	1					1	1						
Councillors, Senior Officials and Managers	Female	9					2	2		2	2		4	4
	Male	7					4	4		1	1		5	5
Technical & Associate Professionals	Female	3	1	1			0	1					1	2
	Male	9												
Professionals	Female	10								1	1		1	1
	Male	8					2	3		0	1		2	2
Subtotal	Female	22	1	1			2	3		3	3		6	7
	Male	25					7	8		1	2		7	7
Total		94	2	2			18	22		8	10		26	28

Skills Matrix														
Management Level	**Gender**	**Employees in post as at 30 June**	**Number of skilled employees required and actual as at 30 June**											
			Learnerships			**Skills programs & other short courses**			**Other forms of training**			**Total**		
		No	**Original Budget**	**Actual**		**Original Budget**	**Actual**		**Actual: End of Year 1**	**Actual End of Year 0**		**Actual: End of Year 1**	**Actual End of Year 0**	
MM & s57	Female													
	Male													
Councillors, Senior Officials and Managers	Female					92000	92000		51700	51700		143700	143700	
	Male					54000	54000					54000	54000	
Professionals	Female					1500	1500		18000	0		19500	1500	
	Male					34500	34500		18000	0		52500	34500	
Technical & Associate Professionals	Female		24000	24000								24000	20000	
	Male													
Clerks	Female					12900	12900					12900	12900	
	Male					8600	8600					8600	8600	
Elementary occupations	Female					8600	8600					8600	8600	
	Male					71500	71500					71500	71500	
Subtotal	Female		24000	24000		106400	106400		69700	51700		200100	178100	
	Male					97100	97100		18000			115100	97100	
Total			24000	24000		203500	203500		87700	51700		315200	275200	

CHAPTER 5 – FINANCIAL PERFORMANCE

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- **Component A:** Statement of Financial Performance
- **Component B:** Spending against Capital Budget
- **Component C:** Other Financial Matters

The Municipality sought to control inflationary pressures during the year by implementing budgetary control measures.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

A summary of the Financial Performance is contained on the following page. The municipality has budgeted for & realized a deficit financial outcome. This results in the cash surpluses being depleted & hence a Revenue Enhancement Strategy is being implemented with the objective of improving our internal revenue sources.

Stringent cash flow monitoring must be implemented in order to prevent the municipality being exposed to financial distress.

5.1 STATEMENT OF FINANCIAL PERFORMANCE

EC102 Blue Crane Route - Reconciliation of Table A1 Budget Summary

Description	2015/16								2014/15			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	9 988	92	10 080	10 098		18	100.2%	101.1%				9 056
Service charges	111 600	(11 500)	100 100	97 432		(2 668)	97.3%	87.3%				105 054
Investment revenue	1 201	(200)	1 001	1 446		445	144.5%	120.4%				820
Transfers recognised - operational	51 890	585	52 475	51 608		(867)	98.3%	99.5%				50 602
Other own revenue	7 190	3 459	10 648	8 655		(1 993)	81.3%	120.4%				12 332
Total Revenue (excluding capital transfers and contributions)	**181 868**	**(7 564)**	**174 305**	**169 239**		**(5 066)**	**97.1%**	**93.1%**				**177 863**
Employee costs	69 727	(69)	69 659	69 265	–	(393)	99.4%	99.3%	–	–	–	60 745
Remuneration of councillors	4 140	(85)	4 055	3 321	–	(734)	81.9%	80.2%	–	–	–	3 861
Debt impairment	6 335	–	6 335	8 358	–	2 023	131.9%	131.9%	–	–	–	7 664
Depreciation & asset impairment	36 802	(1 603)	35 199	35 199	–	0	100.0%	95.6%	–	–	–	33 231
Finance charges	4 121	144	4 265	3 446	–	(819)	80.8%	83.6%	–	–	–	2 479
Materials and bulk purchases	59 932	–	59 932	67 771	–	7 839	113.1%	113.1%	–	–	–	57 563
Transfers and grants	1 090	–	1 090	1 090	–	–	100.0%	100.0%	–	–	–	3 135
Other expenditure	40 190	(10 652)	29 538	26 622	–	(2 916)	90.1%	66.2%	–	–	–	43 101
Total Expenditure	**222 337**	**(12 265)**	**210 072**	**215 072**	**–**	**5 000**	**102.4%**	**96.7%**	**–**	**–**	**–**	**211 780**
Surplus/(Deficit)	**(40 468)**	**4 701**	**(35 767)**	**(45 833)**		**(10 066)**	**128.1%**	**113.3%**				**(33 917)**
Transfers recognised - capital	16 163	1 000	17 163	18 893		1 730	110.1%	116.9%				18 957
Contributions recognised - capital & contributed assets	–	–	–	–		–	-					2 986
Surplus/(Deficit) after capital transfers & contributions	**(24 306)**	**5 701**	**(18 604)**	**(26 940)**		**(8 336)**	**144.8%**	**110.8%**				**(11 974)**
Share of surplus/ (deficit) of associate	–	–	–	–		–	-	-				–
Surplus/(Deficit) for the year	**(24 306)**	**5 701**	**(18 604)**	**(26 940)**		**(8 336)**	**144.8%**	**110.8%**				**(11 974)**
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	16 163	(4 617)	11 546	5 612		(5 934)	48.6%	34.7%				18 668
Public contributions & donations	–	–	–	–		–	-	-				–
Borrowing	3 300	–	3 300	3 300		–	100.0%	100.0%				13 544
Internally generated funds	5 880	(716)	5 165	3 419		(1 745)	66.2%	58.2%				6 296
Total sources of capital funds	**25 343**	**(5 332)**	**20 011**	**12 331**		**(7 679)**	**61.6%**	**48.7%**				**38 508**
Cash flows												
Net cash from (used) operating	22 100	(10 618)	11 482	15 796		4 314	137.6%	71.5%				13 589
Net cash from (used) investing	(21 243)	1 339	(19 904)	(12 145)		7 759	61.0%	57.2%				(33 245)
Net cash from (used) financing	(1 200)	2 682	1 482	(658)		(2 140)	-44.4%	54.8%				12 265
Cash/cash equivalents at the year end	**12 351**	**(8 173)**	**4 179**	**14 113**		**9 934**	**337.7%**	**114.3%**				**18 506**

5.2 GRANTS

Grant Performance R' 000						
Description	Year 2014/2015	Year 2015/2016			Year 2015/2016 Variance	
	Actual	Original Budget	Adjustments Budget	Actual Budget	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	**46 758**	**48 883**	**48 883**	**48 660**	**0%**	**0%**
Equitble Share	42 429	44 654	44 654	44 654	0%	0%
Water Services Operating Subsidy	-	-	-	-	#DIV/0!	#DIV/0!
Finance Management	1 600	1 600	1 600	1 600	0%	0%
EPWP Incentive	1 000	1 000	1 000	1 000	0%	0%
Municipal Systems Improvement	934	930	930	725	0%	0%
MIG/PMU	795	699	699	681	-3%	0%
Provincial Government:	**2 197**	**2 197**	**2 284**	**2 284**	**4%**	**4%**
Health Subsidy					0%	0%
Sport and Recreation	2 197	2 197	2 197	2 197	0%	0%
Housing					0%	0%
Library					0%	0%
IEC					0%	0%
LED			87	87	0%	0%
SETA					0%	0%
DWA					0%	0%
District Municipality:	**767**	**810**	**1 308**	**1 474**	**45%**	**38%**
Environmental Health	767	810	810	810	0%	0%
Fire Services				472	100%	#DIV/0!
LED Projects			498	192	0%	0%
Other grant providers:	**-**	**-**	**-**	**-**	**0%**	**0%**
Total Operating Transfers and Grants	**49 722**	**51 890**	**52 475**	**52 418**	**1%**	**0%**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes. *T 5.2.1*

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The asset base of the Municipality is integral to the Municipalities ability to provide services to the community in terms of its constitutional Mandate such as the provision of water, electricity, sanitation and maintenance of roads. It is the duty of the Municipality in terms of its asset management policy to ensure that assets are safeguarded and maintained so that they are operating in the manner intended for its use, and are not unproductive or idle.

Assets that are unproductive, idle or not operating in the manner intended or to sufficient capacity are assessed on an ongoing basis for impairment, and written off and replaced if where applicable.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2015/2016				
Asset 1				
Name	Municipality Fleet Replacement - Purchase of Vehicles and Bakkies			
Description	Purchase of new cars, bakkies , trucks & plant			
Asset Type	Vehicles and Plant			
Key Staff Involved	All Directors; Senior Mechanic & Accountant: Asset, Fleet & Liability Management			
Staff Responsibilities	To supervise the construction, quality control and ensure effective maintenance			
	2012/2013	2013/2014	2014/2015	2015/2016
Asset Value	278 377	510 180	4 811 739	2 989 338
Capital Implications	Total on Cost on Capital in year 2013, 2014, 2015 & 2016 combined and equals R8,589,634 excl. VAT			
Future Purpose of Asset	Improved Service Delivery with better response times to attend to problems.			
Describe Key Issues	Require effective monitoring of fleet to reduce vehicle abuse & prolong the useful life			
Policies in Place to Manage Asset	Asset Management Policy and Vehicle Usage policy			
Asset 2				
Name	Community Water supply Project – Pearston			
Description	To install new Boreholes to increase the water supply capacity in Pearston			
Asset Type	Infrastructure & Mechanical - Drilling & Equipping of New Boreholes			
Key Staff Involved	Director: Technical Services, PMU Manager, Pearston Water Foreman			
Staff Responsibilities	To supervise the construction, quality control and ensure effective installation and usage			
	2012/2013	2013/2014	2014/2015	2015/2016
Asset Value	-	-	-	2 413 098
Capital Implications	Total Cost on Capital in year 2016 equals R2,413,098 excl. VAT			
Future Purpose of Asset	New Boreholes to increase the water supply capacity in Pearston			
Describe Key Issues	Technical expertise to manage and maintain the Boreholes and related infrastructure			
Policies in Place to Manage Asset	Asset Management Policy			
Asset 3				
Name	Somerset East Waste Water Treatment Works (SE WWTW)			
Description	Construction of an upgraded Waste Water Treatment Works			
Asset Type	Construction of a Waste Water Treatment Works			
Key Staff Involved	Director: Technical Services, PMU Manager, Waste Water middle management			
Staff Responsibilities	To supervise the construction, quality control and ensure effective maintenance			
	2012/2013	2013/2014	2014/2015	2015/2016
Asset Value	1 816 271	4 142 973	16 087 060	1 418 935
Capital Implications	Total on Cost on Capital in year 2013, 2014, 2015 & 2016 combined and equals R23,465,239 excl. VAT			
Future Purpose of Asset	Upgraded Waste Water Treatment Works at Somerset East			
Describe Key Issues	Technical expertise to manage and maintain the Waste Water Treatment Works			
Policies in Place to Manage Asset	Asset Management Policy			

T 5.3.2

Repair and Maintenance Expenditure: Year 2015/2016				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4 220	4 220	3 670	13%
				T 5.3.4

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

The Financial ratios based on key performance indicators for the following is:

	2014/2015	2015/2016
Liquidity	1.14	1.47
Cost Coverage	1.5	0.9
Total Outstanding Service Debtors	18%	19.6%
Total Charges to Operating Exp	2.1%	0.6%
Employee Cost	31.3%	32.2%
Repairs and Maintenance	1.1%	2%
Capital Expenditure	84%	64%
Operating Expenditure	99%	102%

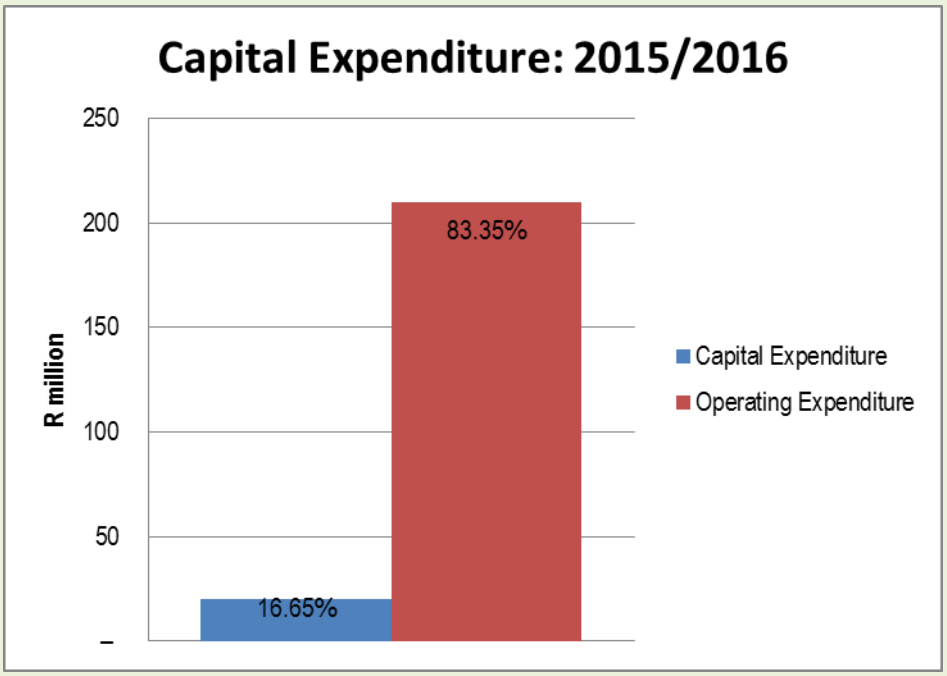
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned.

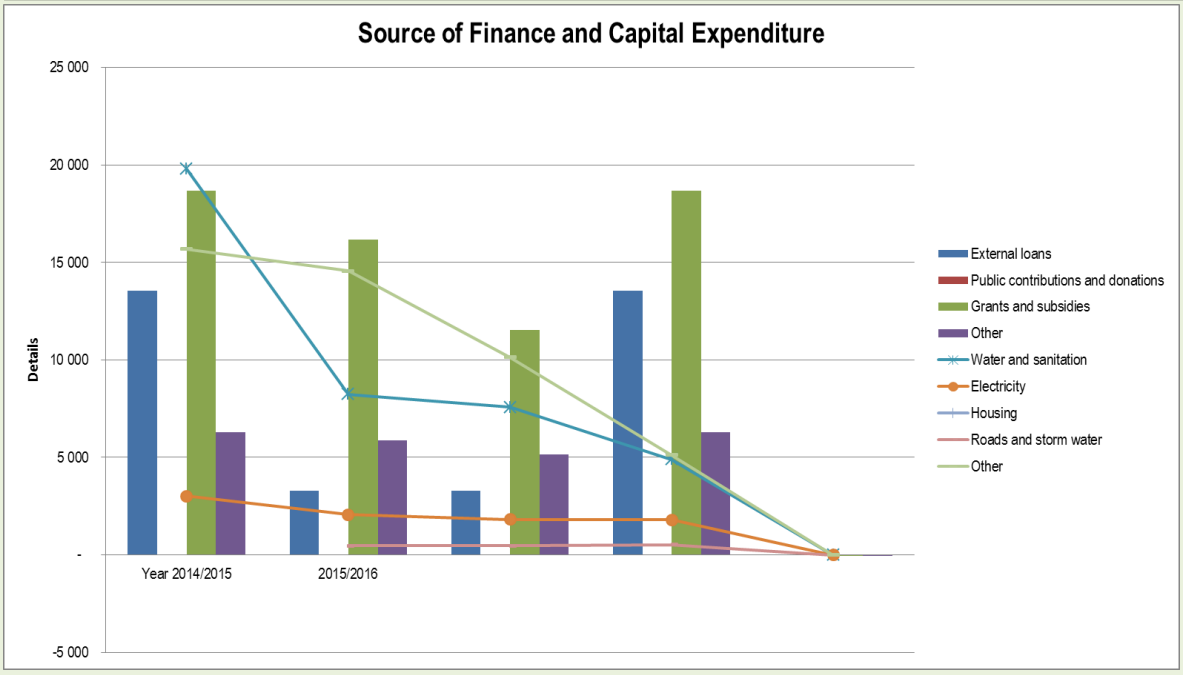
5.5 CAPITAL EXPENDITURE

The graph below depicts the ratio between Capital and Operating budgets as percentages of the total expenditure budget. The municipality is severely constrained with its Capital Budget as there are no cash surpluses to fund Capital Expenditure. The municipality is therefore largely dependent on Grant funding.



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2014/2015 to Year 2015/2016 R' 000							
Details		Year 2014/2015	2015/2016				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	13 544	3 300	3 300	13 544	0.00%	310.42%
	Public contributions and donations						
	Grants and subsidies	18 668	16 163	11 546	18 668	-28.57%	15.50%
	Other	6 296	5 880	5 165	6 296	-12.16%	7.07%
Total		**38 508**	**25 343**	**20 011**	**38 508**	**-40.73%**	**333.00%**
Percentage of finance							
	External loans	35.2%	13.0%	16.5%	35.2%	0.0%	93.2%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	48.5%	63.8%	57.7%	48.5%	70.1%	4.7%
	Other	16.3%	23.2%	25.8%	16.3%	29.9%	2.1%
Capital expenditure							
	Water and sanitation	19 801	8 243	7 577	4 892	-8.08%	-40.65%
	Electricity	3 019	2 070	1 823	1 792	-11.93%	-13.43%
	Housing						
	Roads and storm water		465	465	525	0.00%	12.90%
	Other	15 688	14 565	10 146	5 122	-30.34%	-64.83%
Total		**38 508**	**25 343**	**20 011**	**12 331**	**-50.35%**	**-106.01%**
Percentage of expenditure							
	Water and sanitation	51.4%	32.5%	37.9%	39.7%	16.0%	38.3%
	Electricity	7.8%	8.2%	9.1%	14.5%	23.7%	12.7%
	Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads and storm water	0.0%	1.8%	2.3%	4.3%	0.0%	-12.2%
	Other	40.7%	57.5%	50.7%	41.5%	60.3%	61.2%
							T 5.6.1



5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The Blue Crane Route Municipality depends for the most part on Grant Allocation to eradicate its backlog effectively. However the municipality does set out an annual budget to deal with backlogs. The department of Human Settlements has a programme of eradicating bucket system in Municipalities around the country. The BCRM has formed part of that programme aim at eradicating bucket system in the formal settlement. The Department has however indicated that this is a first phase and the next phase will look into eradicating bucket system in the informal settlement and the phase after that will look into eradicating sceptic tanks. The aim of the whole exercise is to provide/ connect communities to water borne system.

Service Backlogs as at 30 June 2016				
				Households (HHs)
	*Service level above minimun standard		**Service level below minimun standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	8579	96	350	4
Sanitation	8579	96	350	4
Electricity	8579	96	350	4
Waste management	8929	100	0	0
Housing		%		%
*% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.*				*T 5.8.2*

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

5.8 CASH FLOW

Cash Flow Outcomes R'000				
Description	2014/2015	Current: 2015/2016		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	99 919	115 684	104 273	105 824
Government - operating	49 636	51 890	52 475	52 419
Government - capital	19 541	16 163	16 563	18 082
Interest	787	3 515	1 001	1 408
Dividends				
Payments				
Suppliers and employees	(152 903)	(162 971)	(159 946)	(159 536)
Finance charges	(256)	(1 091)	(1 794)	(1 311)
Transfers and Grants	(3 135)	(1 090)	(1 090)	(1 090)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**13 589**	**22 100**	**11 482**	**15 796**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	100	100	103	33
Decrease (Increase) in non-current debtors	3	0	3	3
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(33 347)	(21 343)	(20 011)	(12 181)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(33 244)**	**(21 243)**	**(19 905)**	**(12 145)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans		0		
Borrowing long term/refinancing	13 000	3 300	5 036	3 300
Increase (decrease) in consumer deposits	241		100	225
Payments				
Repayment of borrowing	(976)	(4 500)	(3 654)	(4 183)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**12 265**	**(1 200)**	**1 482**	**(658)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(7 390)**	**(343)**	**(6 941)**	**2 993**
Cash Balance transferred from Dev Agency	**3**			
Cash/cash equivalents at the year begin:	**18 506**	**12 694**	**11 119**	**11 119**
Cash/cash equivalents at the year end:	**11 116**	**12 351**	**4 178**	**14 112**
Source: MBRR A7				*T 5.9.1*

5.9 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality has considerably increased the size of its debt book over the past 3 years mainly due to the replacement of fleet and the R13 million loan required to accelerate MIG expenditure. The MIG project loan is due to be settled in November 2016 and the debt book will drastically reduce accordingly to around R5 million at 30 June 2017 compared to R17million at 30 June 2016. The municipality has resolved that no further loans be entered into over the short to medium term.

Actual Borrowings: Year 2013/2014 to Year 2015/2016 R' 000			
Instrument	**2013/2014**	**2014/2015**	**2015/2016**
Municipality			
Long-Term Loans (Current)	(73)	(1 987)	(12 080)
Long-Term Loans (Non-Current)	(730)	(10 369)	(2 779)
Local registered stock			
Instalment Credit			
Financial Leases	(697)	(3 585)	(2 288)
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	**(1 500)**	**(15 941)**	**(17 147)**
			T 5.10.2

The municipality invests surplus cash in accordance with the approved Investment policy.

Municipal Investments R' 000			
Investment* type	**2013/2014**	**2014/2015**	**2015/2016**
	Actual	**Actual**	**Actual**
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	14 812	10 231	12 661
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality Total	**14 812**	**10 231**	**12 661**
			T 5.10.4

5.11 PUBLIC PRIVATE PARTNERSHIPS

The Blue Crane Route Municipality is not involved in any Public Private Partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

The Blue Crane Route Municipality has a Supply Chain Management Unit as reflected in the Financial Services Organogram.
The Supply Chain Management (SCM) is up and running within the BCRM and strict control measures are in place according to the MFMA, SCM Regulations, MFMA Circulars and the BCRM SCM Policy.
There are nine (9) posts within the Supply Chain Management Unit; they have been filled except for the Accountant: Asset & Liability Management that is still vacant, but has a contract worker appointed.

The following three (3) Bid Committees have been established and has the relevant meetings when tenders/bids, etc. are placed as per MFMA and Supply Chain Regulations:

1) Specification Bid Committee
2) Evaluation Bid Committee
3) Adjudication Bid Committee

The Supply Chain Management Policy that was adopted and implemented by the Cacadu District Municipality (CDM) has been adopted by the Blue Crane Route Municipality(BCRM) after the relevant changes was made to comply with the Blue Crane Route Municipality's requirements, keeping the SCM regulations in mind. The policy has been reviewed in the 2015/16 financial year and accordingly approved on 30 May 2016. The municipality has also developed the SCM policy on Infrastructure Procurement and Delivery Management which was approved on 30 June 2016.

5.13 GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS-2014/2015

6.1 AUDITOR-GENERAL REPORT – 2014/2015

AUDITOR-GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2014/2015

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Blue Crane Route Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Blue Crane Route Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Blue Crane Route Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during the current financial period.

Material losses

9. As disclosed in note 27 to the financial statements, electricity losses of 24% (2013-14: 27%) and water losses of 44% (2013-14: 42%) were incurred during the financial year.

Irregular expenditure

10. As disclosed in note 48 to the financial statements, irregular expenditure of R39,6 million (2013-14: R31,1 million) was incurred as a result of the contravention of supply chain management (SCM) requirements.

Additional matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary information

12. The supplementary information (appendix A) set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Unaudited disclosure note

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2015:

    - Development priority 2: Services delivery and infrastructure development on pages x to x

16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priority. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. The material findings in respect of the selected development priority are as follows:

Service delivery and infrastructure development

Usefulness of reported performance information

20. I did not identify material findings on the usefulness of the reported performance information.

Reliability of reported performance information

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements as well as

technical indicator descriptions for the accurate measurement, recording and monitoring of performance.

Additional matters

22. I draw attention to the following matters:

Achievement of planned targets

23. Refer to the annual performance report on page(s) x to x and x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information for the selected development priority reported in paragraph 21 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the development priority relating to basic service delivery and infrastructure development. As management subsequently corrected only some of the misstatements, I identified material findings on the reliability of the reported performance information.

Compliance with legislation

25. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements and annual report

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of property, plant and equipment, investment properties, trade and other receivables, commitments, distribution losses, subsequent events and contingent liabilities identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

27. The local community was not afforded the opportunity to comment on the final draft of the integrated development plan before adoption, as required by section 42 of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and municipal planning and performance management regulations 9, 13(1), 13(4)(c) and 15(3).

28. The annual performance report for the year under review did not include measures taken to improve performance, as required by section 46(1)(c) of the MSA.

29. The performance management system and related controls were inadequate, as it did not describe and represent the processes of performance planning, monitoring,

measurement, review, reporting and improvement as well as how it is to be conducted, organised and managed, as required by section 38 of the MSA and municipal planning and performance management regulation 7.

Expenditure management

30. Reasonable steps were not taken to prevent unauthorised, irregular as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Human resource management

31. Sufficient appropriate audit evidence could not be obtained that job descriptions had been established for all posts in which appointments were made in the current year, as required by section 66(1)(b) of the MSA.

32. The competencies of the chief financial officer, head of the SCM unit as well as financial and SCM officials were not assessed in a timely manner to identify and address gaps in competency levels, as required by municipal regulation on minimum competency levels 13.

33. The annual report of the municipality did not reflect information on compliance with the prescribed minimum competencies, as required by municipal regulation on minimum competency levels 14(2)(b).

34. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor, measure and evaluate the performance of staff, in contravention of section 67(d) of the MSA.

Audit committee

35. The audit committee did not advise the council and the accounting officer on matters relating to performance management and performance evaluation, as required by section 166(2)(a) of the MFMA.

36. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by municipal planning and performance management regulation 14(4)(a)(ii).

Internal audit

37. The internal audit unit did not function as required by section 165(2) of the MFMA, due to the following:

- There was no evidence of approval of the risk-based audit plan and an internal audit programme for the financial year under review.
- The unit did not advise the accounting officer and report to the audit committee on matters relating to accounting procedures and practices as well as loss control.

Consequence management

38. Unauthorised, irregular as well as fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Procurement and contract management

39. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act of South Africa, 2000 (Act No. 38 of 2000) and CIDB regulation 18.

40. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

41. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, contrary to section 116(2)(c) of the MFMA.

42. Awards were made to providers whose directors are in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the prior year and no effective steps had been taken to prevent or combat the abuse of the SCM process, contrary to SCM regulation 38(1).

43. Persons in the service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, contrary to SCM regulation 46(2)(e).

Internal control

44. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

45. Leadership did not fulfil its oversight responsibility to ensure that the SCM manager position was filled timeously. This contributed to the material compliance findings in procurement and contract management.

46. Leadership did not enforce consequences for poor performance and transgressions of legislation, resulting in a culture where repeat findings have become a norm.

Financial and performance management

47. The municipality did not introduce appropriate mechanisms, processes, procedures, systems or internal controls to ensure that transactions were correctly recorded, classified, reconciled and reported on in accordance with SA Standards of GRAP. As a result, material misstatements were identified during the audit process, which were subsequently corrected by management.

48. Overall, there was a slow response to audit recommendations, as evidenced by repeat findings on the financial statements, annual performance report and compliance with legislation.

Governance

49. The internal audit unit did not submit its reports and recommendations to management and the audit committee in a timely manner to enable management to implement the unit's recommendations adequately. As a result, the audit committee was also unable to provide the required level of assurance.

Auditor General

East London

27 November 2015

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

COMMENTS ON AUDITOR-GENERAL'S OPINION – 2014/2015

The municipality accepted the Auditor General's (AG) report on the presentation of the municipality's financial information as at 30 June 2015. The areas of disagreement were noted in the Management Report, but the findings remained due to insufficient evidence being provided to the AG.

The municipality thereafter compiled the Audit Action Plan to address the findings. The Accounting Officer is assisted by the Internal Audit unit in monitoring the implementation of the Audit Action plan and progress reports are tabled to each Audit Committee Meeting.

The municipality is committed to achieving clean administration and ultimately an unqualified audit opinion with no material findings.

EC102 BLUE CRANE ROUTE MUNICIPALITY

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INPUT TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/corrective action (INPUT Cell)	Key tasks that need to be performed (INPUT Cell)	Official(s) delegated to (INPUT Cell)	Comments (INPUT Cell)	Status (INPUT Cell)
COMPLIANCE												
AOPO: Non-compliance relating to planning and performance management (Ex. 1)												
1	Pg. 11	1. The local community was not given 21 days to comment on the final draft of the IDP before adoption; 2. The SDBIP was not made public within 10 working days after approval of the Mayor; 3. The SDBIP approved on 23 June 2014 was not submitted electronically to both the National & relevant Provincial treasury within 10 working days.	Non-compliance with legislation	Compliance	Impact on audit report	The Accounting Officer should implement monitoring controls over the performance and budgeting of the municiapliity to ensure compliance.	Old	31-Jan-16	1. Ensure that the advert published in newspapers is placed at least 21 days before closing date for public comments; 2. Ensure the SDBIP is made public within 10 working days after approval by the Mayor; 3. Ensure the SDBIP is electronically and manually submitted to NT & PT within 10 working days after approval by the Mayor;	Bamela Hanabe		Not commenced
AOPO: No measures in place to improve performance (Ex. 80)												
2	Pg. 13	The annual performance report did not disclose measures taken to improve performance for the targets that were not achieved in the 2014/15 financial year.	Non-compliance with legislation	Compliance	Impact on audit report	Each Department head should initiate internal meetings to deliberate on the performance, where set measures to improve performance can be set based on the previous performance. PMS Manager should review those remedial actions and ensure that they are included in the annual performance report.	Old	31-Jul-16	Each Director to develop plans to improve performance and implement. IDP / PMS Manager to review actions and monitor implementation.	Bamela Hanabe		Not commenced
Consequence Management: UIF&W not investigated (Ex. 109)												
3	pg. 14	1. Municipality did not establish disciplinary board that will be responsible for investigating allegations of financial misconduct and monitor the municipality's proceeding against an alleged transgressor. 2. There is no evidence submitted to prove that an investigation was initiated in order to determine if a person who is liable for any UIF&W incurred in the prior year or any steps taken to try and recover it.	Non-compliance with legislation	Compliance	Impact on audit report	1. The Council should establish a disciplinary Board to investigate allegations of financial misconduct. 2. The Accounting Officer should ensure that UIF&W expenditure incurred by the municipality is promptly reported to the council and the MPAC to ensure that appropriate steps are taken to investigate if any officials are liable.	Old	30-Jun-16	1. Council must establish a Disciplinary Board as per MFMA Gazette 10204 to investigate Financial Misconduct allegations. 2. AC to report UIF&W timeously and investigations should be done.	Municipal Manager		Not commenced
HR Compliance - Appointments (Ex. 36)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old issue	Estimated date of completion/correction	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
					INPUT Cell			INPUT Cell		INPUT Cell	INPUT Cell	INPUT Cell
4	Pg. 16	1. No Job Descriptions found in Employee Files of Newly Recruited staff; 2. Lineman Appointed could not be traced back to existing positions in the Organogram; 3. No Formal Applications were on File for Mr. AT Pika & Mr. I. Landu; 4.Appointment Letters were not signed by employees: Mr. L. Landu, Ms. N. Madikane, and Mr D. Janse; 5. The new contracts or appointment letters of Ms. S. Tom, J. Van Rhyn, and KK Duda were not submitted and could not be audited; 6. Academic Records and qualifications for Mr. I. Mabunu, M Jordaan, Ms Tom, KK Duda, and MD Ngcukana were not on the employee files and could not be audited.	Non-compliance with legislation	Compliance		The municipality should take into consideration all the compliance requirements and implement procedures and processes for staff establishments and ensure that these compliance requirements are met. Management should implement controls to ensure that employee files are regularly reviewed to ensure that employee files are in order and properly maintained	Old	31-Mar-16	1. Job Descriptions for all staff must be developed and placed in personnel files 2. Organogram post descriptions and Payroll Post Descriptions must be aligned to reflect correct correlation. 3. original Applications must remain in Recruitment File and only copies must be released to interested parties, alternatively a register tracking movement must be implemented. 4. All offers of employment must have a space for employees to sign acceptance and initial every page. All employees must sign original offer of employment. 5. Contracts must be adequately filed and only copies released; 6. Academic Records must remain on file and only copies released;	Fezekile Cotani		
HR Compliance - Minimum Competencies (Ex. 45)												
5	Pg. 18	1. No assessment of minimum competency levels was performed; 2. No policies were in place to monitor and evaluate staff performance; 3. The performance agreement of MM did not include accounting officer's responsibilities as defined in MFMA 4. The annual report does not have information on compliance with the prescribed competencies.	Non-compliance with legislation	Compliance		1. It is recommended that the competency levels of all senior managers are assessed at year end; 2. There should be performance evaluation of all staff members to ensure that all the employees are able to deliver work up to the required standard thus helping the municipality to deliver on its mandate. 3.The performance Agreement of MM should include MM responsibilities as per MFMA. 4. The annual report should reflect information on compliance with the prescribed competencies.	Old	31-Mar-16	1. All Senior Managers competencies to be formally assessed; 2. All staff performance to be evaluated; 3. MM's Performance Agreement to be reviewed to include responsibilities as per MFMA. 4. Annual Report to reflect information on compliance with minimum Competencies.	Municipal Manager		
Compliance: Functioning of the Audit Committee and Internal Audit (Ex. 5)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old issue	Estimated date of completion/corrective action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
6	Pg. 20	1. Internal Audit Reports for 2013/14 only submitted in March 2015 to AC; 2. IA reports for Q1 & Q2 2014/15 only submitted in May 2015 to AC; 3. no Q4 PMS IA report submitted to AC; No evidence that AC approved IA Plan as IA plan is not signed at all; 5. IA did not advise AO on matters relating to accounting procedures and practices and loss control. 6.The AC did not advise council on PMS and AC did not review the municipality's PM system; 7. AC did not follow up with IA function for timeous submission of reports.	Non-compliance with legislation	Compliance	Impact on audit report	1. Management should ensure that an adequate performance management system is in place; 2. Management should conduct frequent reviews over the internal audit function so that the Audit Committee is able to play an oversight role over the Internal Audit function and to ensure that performance management is appropriately considered therefore enabling the audit committee to adequately review the performance management system and make recommendations given to council.	Old	30-Jun-16	1. Management to ensure IA reports are timeously prepared and timeously submitted to Audit Committee; 2. Audit Committee to ensure adequate reporting on PMS and review of the Performance Management System.	Manager: Internal Audit		Start - Investigation in progress
Procurement (SCM): Officials did not disclose interest in the state (Ex. 83)												
7	Pg. 23	The following officials did not disclose their close family members conducting business with the state: 1. Freddie Hermans (Caretaker Pearston); 2. Kayser Links (Foreman Pearston); 3. X F. Mahobe (Casual); 4. E Matomela; 5. A. Webb	Non-compliance with legislation	Compliance	Impact on audit report	Management should ensure that regular declarations are made by all officials and all contracts awards should be assessed against the database that interests were declared in.	Old	30-Mar-16	1. Municipality to update its awards to close family members database and record relevant awards; 2. Municipality to inform all employees to update their disclosure of interests	Ayanda Mbebe		Start - Investigation in progress
Procurement (SCM): Directors in service of the state (Ex. 85)												
8	Pg. 25	The following suppliers have directors in the service of the state and interest: 1. E Mburwana - EC: Education - Sibabele Silindoku'Ne Catering - Director; 2. Z Ebrahim - Social Housing Regulatory Authority - Aurecon South Africa (PTY) ltd - Director; 3. Sowazi - HDA - Actom - Director.	Non-compliance with legislation	Compliance	Impact on audit report	Management should ensure that no awards are made to persons in the service of the state. This can be achieved by ensuring that management enforces the honest completion of declaration forms by suppliers. Where management learns that the supplier had provided false information and not declared that its directors are in teh service of the state, teh municipality should have a disciplinary procedure which may result in penalties. This information should be documented and covered in the contract.	Old	28-Feb-16	1. Management shoud write to the mentioned companies informing them of the finding and seek clarity if the mentioned individuals are still in the service of the state. Pending the responses, the municiapltiy should consider not doing further business with these entities where practical.	Ayanda Mbebe		Start - Investigation in progress
Procurement (SCM): Contract Management												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/corrective action (INPUT Cell)	Key tasks that need to be performed (INPUT Cell)	Official(s) delegated to (INPUT Cell)	Comments (INPUT Cell)	Status (INPUT Cell)
9	Pg. 27	There were findings of inadequate Contract Management: 1. No SLA; 2. Inadequate or no Termination Clauses; 3. Inadequate definitions of measures to monitor performance; 4. Performance of Contractors not monitored on monthly basis; 5. Methods to monitor effective contract management; 6. Registration of construction contract with CIDB not done within 21 days; 7. Total payments exceeded contract value.	Non-compliance with legislation	Compliance	Impact on audit report	1. It is recommended that management review all current contracts and determine if they have been properly signed; 2. Management should evaluate the terms of the contracts to determine if the municipality has recourse in instances when the suppliers underperform; 3. The municipality may discuss the additional clauses and issue addendums to existing contracts; 4. The GCC should be used as a checklist for evaluating and assessing all new contracts.	Old	30-Jun-16	Management must review all current contracts and ensure that they are signed and that they have all the necessary clauses. Where there are gaps, addendums must be drafted and signed accordingly.	Ayanda Mbabe		Final - corrective action
Predetermined objectives												
AOPO: Reported actual performance not consistent with planned targets (Ex. 37)												
10	Pg. 34	When reviewing the APR and SDBIP it was noted that the actual reported performance per APR is inconsistent with the planned annual targets and as a result the usefulness of reported performance is impaired.	Misstatements in annual performance report	Pre-determined Objectives	Impact on audit report	Performance targets express a specific level of performance that the municipality is aiming to achieve within a given time period. Therefore, on achievement of such targets, each department within the municipality should specify clearly and in detail the level of performance achieved for each performance target. The IDP / PMS Manager should review the reported performance and ensure that the actual performance target achieved is aligned to the planned performance target.	Old	31-Jan-16	Management to ensure Actual Performance is consistent with planned Targets and supported by appropriate evidence. IDP /PMS Manager to review the above continuously and ensure correct implementation.	Bamela Hanabe		Final - corrective action
AOPO: Performance Targets not specific and measurable (Ex. 47)												
11	Pg. 38	There were targets identified that were not specific and measurable. Performance targets were not adequately reviewed to ensure they are specific in clearly identifying the nature and required level of performance.	Misstatements in annual performance report	Pre-determined Objectives	Impact on audit report	Management should review the performance information to ensure that it demonstrate clearly how the municipality delivers on its mandate. This involves having adequate reviews of each performance target by the heads of department in which the target is applicable. The PMS Manager should perform the final review to ensure that performance targets are specific and measurable.	Old	31-Jan-16	Management should ensure continuous improvement of setting of targets in conjunction with middle management and supervisors to improve implementation and effective delivery of mandates	Municipal Manager		Final - corrective action
AOPO: Reported information invalid, inaccurate and incomplete (Ex. 79)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INPO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Import/Rating	Audit Recommendation	New/ Old Issue	Extended date or completion/action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
					INPUT Cell		INPUT Cell		INPUT Cell		INPUT Cell	
12	Pg. 40	Discrepancies were identified between information reported and evidence supporting performance information submitted. Refer to Actual Flegings on P40 for examples of invalid; inaccurate and incomplete reporting. THIS RESULTS IN INCORRECT PERFORMANCE REPORTING WHICH RESULTED IN A QUALIFIED OPINION ON RELIABILITY.	Misstatements in annual performance report	Pre-determined Objectives		1 Management should ensure that actual achievement as reported in the APR is supported by a portfolio of evidence; 2 Heads of Department should ensure that on a quarterly basis as they report on the achievement of actual targets, sufficient evidence supports the actual achievement; 3 PMS should ensure that the system is carried throughout the year ad in final reporting; 4 The IA function can further, verify the portfolio off evidence supporting the actual achievements on a quarterly basis.	Old	31-Jan-16	1 Management should ensure that actual achievement as reported in the APR is supported by a portfolio of evidence; 2. HOD should ensure that on a quarterly basis as they report on the achievement of actual targets sufficient evidence supports the actual achievements 3. PMS should ensure that the system is carried throughout the year ad in final reporting; 4 The IA function can further, verify the portfolio of evidence supporting the actual achievements on a quarterly basis	Municipal Manager		
Material misstatement corrected												
Resolved: ADPO - Inconsistencies identified between SDBIP, IDP and APR (Ex. 15)												
13	Pg. 42	The APR was not aligned to the SDBIP and IDP as the APR did not contain the strategic objectives of the development priorities as indicated in the SDBIP and IDP. Refer tables from page 42 to 51 for details.	Misstatements in annual performance report	Material misstatement corrected		Management must have review controls in place to ensure that there is alignment between the planning documents (IDP and SDBIP) and the reporting document (APR)	Old	31-Jul-16	Management must have review controls in place to ensure that there is alignment between the planning documents (IDP and SDBIP) and the reporting document (APR)	Semele Hanabe		
Resolved: Property, Plant and Equipment - Fixed Asset Register (Ex. 19)												
14	Pg. 53	During inspection of Asset Register it was noted that the method for calculating certain line items for infrastructure additions in the current year were marked as CRC instead of Actual cost and an incorrect value was reported under the opening balance of 01 July 2013. This resulted in an overstatement of Assets and an understatement of Accumulated Depreciation as per page 53.	Misstatements in annual financial statements	Material misstatement corrected		The Senior manager of the department whom the consultants are doing work for should ensure that an extensive review is conducted over the work performed by consultants. Furthermore, consultants should be corrected in timeously by the municipality to facilitate enough time for the consultants to prepare accurate and reliable work. This will also aid sufficient time for a detailed review to be performed over the work delivered by the consultants	Old	31-Jan-16	Management has made the adjustment in the 2014/15 AFS and the matter has been addressed. Management must ensure correct updating of the Asset Register for 2015/16	Martin Meyer	Management must ensure correct updatings of the Asset Register for 2015/16	
Trade and Other Receivables - Receivable not meeting the recognition criteria (Ex. 27)												
15	Pg. 55	Management has raised a Receivable incorrectly for MIG spent above the 2014/15 allocation.	Misstatements in annual financial statements	Material misstatement corrected		Management should adjust the AFS to ensure that the AFS are fairly presented and the assets are recognised only when it is probable that the inflow of economic benefits or service potential will flow to the entity and the asset has a cost or value that can be measured reliably.	Old	31-Mar-16	Management has made the adjustment in the 2014/15 AFS and will investigate the implications in the 2015/16 financial year There is still an uncorrected error of R158,842 for housing grant	Martin Meyer	Management to rectify the uncorrected error of R158,842 and persue the completion of the Aanvalle 33 Housing project that funds relate to.	
Resolved: Contingency Disclosure - Inadequate accounting policy disclosure (Ex. 38)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old issue	Estimated date of completion/ resolution	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
15	Pg 56	The municipality's accounting policy for contingencies only states that the contingencies are disclosed and not recognised and is not in accordance with GRAP 19.	Misstatements in annual financial statements	Material misstatement corrected		Management should review the accounting policies and ensure that these are up to date and as per the required standards on an annual basis.	Old	31-Jan-16	The Accounting policy was corrected in 204/15 and subsequently audited and found to be in order. Policy to be carried forward to 2015/16.	Martin Meyer	The Accounting policy was corrected in 204/15 and subsequently audited and found to be in order. Policy to be carried forward to 2015/16	
Resolved: Contingencies - Inappropriate disclosures of cases that do not meet the definition of a contingent item (Ex. 40)												
17	Pg 58	Two cases were inappropriately disclosed as contingent liabilities	Misstatements in annual financial statements	Material misstatement corrected		Management should review the accumulation of contingencies before this is disclosed in the AFS and satisfy themselves that the disclosure is consistent with the requirements of GRAP 19.	Old	31-Jan-16	The Contingent Liabilities were corrected in 204/15 and subsequently audited and found to be in order. The revised Understanding of GRAP 19 to be carried forward to 2015/16.	Martin Meyer	The Contingent Liabilities were corrected in 204/15 and subsequently audited and found to be in order. The revised Understanding of GRAP 19 to be carried forward to 2015/16.	
Resolved: Contingencies - Inaccurate and incomplete disclosure of the financial effect (Ex. 41)												
18	Pg 60	There was Incorrect Disclosure due to incomplete information regarding the nature of case and the Municipality's financial exposure ,and also incorrect grouping of two separate matters as one matter .	Misstatements in annual financial statements	Material misstatement corrected		Management should review the legal confirmations received from the attorneys and ensure that, where practicable the full financial effect of each case is disclosed. Where the lawyers indicate that further financial exposure ,as a result of the claimant being successful in a particular case ,this should be fully disclosed as it gives an indication of the full financial effect of the possible liability .It is important to note that further legal costs with regards to a case do not in themselves constitute a contingency	Old	31-Jan-16	The Contingent Liabilities were corrected in 204/15 and subsequently audited and found to be in order .The revised Understanding of GRAP 19 to be carried forward to 2015/16.	Martin Meyer	The Contingent Liabilities were corrected in 204/15 and subsequently audited and found to be in order .The revised Understanding of GRAP 19 to be carried forward to 2015/16.	
Resolved; Contingencies -Incomplete disclosure of contingencies per third party confirmations (Ex. 42)												
19	Pg 63	There were 3 pending cases confirmed by Notle Smit Attorneys that were not included in contigency disclosure . A ABSA bank guarantee to the value of R23 967 relating to the personal bond of A Du Preez was not disclosed in the AF S.	Misstatements in annual financial statements	Material misstatement corrected		Management should review the accumulation of contingencies before this is disclosed in the AFS and satisfy themselves that the disclosure is consistent with the requirements of GRAP 19.	Old	31-Jan-16	The findings were proved to be incorrect and the auditors resolved that no adjustments were necessary to the AFS in this regard.	Martin Meyer	No further action required.	
Resolved: Contingencies -Events after reporting date (Ex. 43)												
20	Pg 65	5 cases that were reported as contingent as at 30 June 2015 , were found to be resolved in July and August and due to the fact that they were not adjusting events ,they should have been disclosed as resolved cases under Subsequent events .	Misstatements in annual financial statements	Material misstatement corrected		Management should be alert to additional information after the reporting date and fully assess whether this information constitutes adjusting or disclosable events after year end.	Old	31-Jan-16	The adjustments were made to the AFS and subsequently audited and found to be in order. Management must ensure the proper disclosure in 2015/16	Martin Meyer	Management must ensure the proper disclosure in 2015/16	
Resolved: Commitments -Incorrect amounts disclosed (Ex. 44)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/corrective action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
21	Pg. 67	During the audit of Capital Commitments disclosures, it was noted that management incorrectly disclosed a few commitments resulting in under-disclosure of R2.6million.	Misstatements in annual financial statements	Material misstatement corrected	[illegible]	It is recommended that management should identify all possible capital commitments by reviewing the complete contract register together with the Work in Progress register. This exercise should be reviewed to ensure that all possible capital commitments have been identified. Management should also review the calculation of the commitments amount by tracing the contract values to signed contracts and tracing the expenditure to date to all invoiced amounts, excluding retentions to date to ensure the accuracy of the commitments amount disclosed.	Old	31-Jul-16	Management recalculated the disclosure and resolved with the auditors that their finding of R2.6 million was incorrect and the understatement was only R535,415. Management however will implement the recommendation for the 2015/16 AFS preparation.	Martin Meyer	Management will implement the recommendation for the 2015/16 AFS preparation.	[illegible]
Resolved: Disclosure: Material Variances noted in distribution losses (Ex. 103)												
22	Pg. 70	Material variances were identified when recalculating the electricity distribution losses.	Misstatements in annual financial statements	Material misstatement corrected	[illegible]	It is recommended that management ensures that the inputs used in the electricity distribution losses are as per the municipality's records as at the end of financial year. Management should ensure that the billing lag is taken into account in determining distribution losses. In this regard, management should consider that the July billing relates to consumption for June of the prior year. An estimated consumption needs to be made for the last month of the financial year.	Old	31-Jul-16	The adjustments were made to the AFS and subsequently audited and found to be in order. Management must ensure the proper calculation and disclosure in 2015/16	Martin Meyer	Management will implement the recommendation for the 2015/16 AFS preparation.	[illegible]
Resolved: Revenue Billing - Misstatements noted between billing and meter readings (Ex. 105)												
23	Pg. 72	During the testing of the billing system, it was noted that the meter readings relating to water and electricity did not always agree to the amounts billed to consumers. furthermore there was no support provided on the basis of billing the amounts nor were the adjustments and estimations used supported. Refer to page 72 for findings analysis.	Misstatements in annual financial statements	Material misstatement corrected	[illegible]	1. It is recommended that adequate supporting and records be kept for meter readings. For properties that are estimated, it is recommended that records of how these estimates are arrived at are kept safe and kept up to date as well. 2. It is further recommended that the before mentioned be reviewed on a regular basis by a senior personnel member in the department to ensure that readings or estimates are done regularly and accurately, to ensure the amounts billed to consumers are valid, accurate and complete.	New	31-Jan-16	Supporting evidence and documentation was provided to auditors and they amended their finding to be trivial /o Immaterial.	Sizeka Hulana		[illegible]
Resolved: Investment Property - Incorrect classification of buildings as PPE (Ex. 111)												
24	Pg. 75	During the testing of Investment Property it was noted that 12 properties were incorrectly classified as PPE.	Misstatements in annual financial statements	Material misstatement corrected	[illegible]	Management should have clear procedures which provide clarity in terms of identifying whether land and buildings should be accounted for as PPE or Investment properties. This will ensure that properties are not double counted or misclassified in the Fixed Asset Register.	New	31-Jan-16	The adjustments were made to the AFS and subsequently audited and found to be in order. Management must ensure the proper classification and disclosure in 2015/16	Martin Meyer	Management must ensure the proper classification and disclosure in 2015/16	[illegible]
Resolved: Investment Property - Fair value inappropriately calculated (Ex. 114)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old issue	Estimated date of completion/action action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
					INPUT Cell	INPUT Cell		INPUT Cell		INPUT Cell		INPUT Cell
25	Pg. 77	The municipality engaged experts to determine the value of investment properties. On assessment of the expert's methods and assumptions it was noted that a rate per square meter was multiplied by the size of the property to determine the value. Upon recalculation of the rate per quare meter variances were identified as reflected on page 77 of audit findings.	Misstatements in annual financial statements	Material misstatement corrected	Impact on audit report	Management should put controls in place to ensure that the work performed by consultants is thoroughly reviewed and recalculations should be made where necessary. This can be achieved by ensuring consultants are appointed on time and the internal quality control procedures to be performed by consultants are discussed and agreed upon. Furthermore, management should be engaged throughout the process and be provided with a draft report timeously which should be given to the internal audit for review.	Old	31-Jan-16	The adjustments were made to the AFS and subsequently audited and found to be in order. Management must ensure the proper rate calculation is used in 2015/16	Martin Meyer	Management must ensure the proper rate calculation is used in 2015/16	
Resolved: Property, Plant and Equipment - Land inappropriately valued (Ex. 115)												
26	Pg. 80	During the testing of Investment Property it was noted that the rand value per square meter used in the calculation of the land's fair value is incorrect. The same process followed by the consultants was used in this recalculation but different results were obtained. The consultants concluded that land should be valued at R75 per square meter whereas the auditors recalculated to R16.22 per square meter	Misstatements in annual financial statements	Material misstatement corrected	Impact on audit report	Management should perform a thorough review over the work completed by the consultants so as to ensure that proper, reliable and accurate information is used for the calculation of assets.	Old	31-Jan-16	The adjustments were made to the AFS and subsequently audited and found to be in order. Management must ensure the proper rate calculation is used in 2015/16	Martin Meyer	Management must ensure the proper rate calculation is used in 2015/16	
Resolved: Property, Plant and Equipment - Landfill Sites (Ex. 116)												
27	Pg. 82	The amount capitalised onto the asset register was not the present value as required by GRAP for the Cookhouse landfill site.	Misstatements in annual financial statements	Material misstatement corrected	Impact on audit report	Management should perform a thorough review over the work completed by the consultants so as to ensure that proper, reliable and accurate information is used for the calculation of assets	Old	31-Jan-16	The adjustments were made to the AFS and subsequently audited and found to be in order. Management must ensure the proper Present Value calculation is used in 2015/16	Martin Meyer	Management must ensure the proper Present Value calculation is used in 2015/16	
Employee Costs												
Planning: Lack of authorised policies (Ex. 3)												
28	Pg. 84	It was noted that the following policies and procedure manuals have not been developed: 1. Terminations Policy; 2. Policy for Master/le Amendments to payroll; and 3. Retirement Obligation Policy.	Internal control deficiency	Employee Costs	Other important matters	Documented and authorised policies and procedure manuals should be developed by management which will then be adopted by those charged with governance and communicated to all staff	Old	30-Jun-16	Management must ensure development; approval; and implementation of the three policies.	Fezekile Cotani		
Planning: Leave forms are not completed accurately and not captured timeously (Ex. 4)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INPO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/correction	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
29	Pg. 86	The leave form for VM Kosini was approved, but number of leave days available were not written on leave form. The leave form had not been catured on the SAMRAS system and it was only captured when the auditor requested that it be captured upon noticing the deficiency.	Internal control deficiency	Employee Costs	Other important matters	It is recommended that the personnel clerk fills in the available leave days as per SAMRAS before the leave form is sent for approval, thus when not enough leave days are available for utilisation, this can be identified before the leave form is approved and captured. The personnel clerk should also capture the leave taken by the employees timeously on the system so that the employees are aware of their available leave days before taking the next leave. This will prevent situations where the employees take leave days but have none available to them.	Old	31-Jan-16	Personnel Clerk to confirm available leave days prior Supervisor's / Director's approval of all leave forms. Departments to submit leave books bi-weekly to HR. Personnel Clerk to capture leave forms immediately on SAMRAS after approval when leave books are submitted to HR bi-weekly.	Fezekile Colani		
HR Compliance: Adequate notice period not provided for terminations (E. 48)												
30	Pg. 88	During the testing on terminations the following was noted: 1. a 30 day notice perod as required by BCEA was not served by Messrs Majenge & Majani 2. The employee file of R Mnyathelli could not be found by HR and was there not submitted for audit purposes. 3. W Jordaan was dismissed but was not discharged (removed) from the system	Non-compliance with legislation	Employee Costs	Other important matters	Management should review the notice periods given by employees and ensure that it is in compliance with the Basic Conditions of Employment Act 75 of 1997. Controls and procedures should be implemented over supporting documentaion at all times to ensure that the documentation is accessible and stored in a safe place at all times.	Old	30-Jun-15	1. Management must ensure that all employees serve at least a 30 day notice period when resigning. 2. Controls and procedures should be implemented over supporting documentation at all times to ensure that the documentation is accessible and stored in a safe place at all times.	Fezekile Colani		
Employee Costs - Inadequate maintenance of Employee files (Ex. 59)												
31	Pg. 90	During the audit work performed on salaries the following was noted: 1. Various contracts do not state the term of the contract. 2. There were not contracts or appointment letters on the employee files on the eight sampled employees: 3. Contract of N Madikane was not signed by the employee and the municipal manager 4. Employee contract of LM Sineti was not signed by the employee 5. Various employee files do not have supporting documents for deductions made on the payslip	Internal control deficiency	Employee Costs	Other important matters	Management should put controls in place to ensure that employee files are properly maintained.	Old	30-Jun-16	The Personnel Files must be reviewed for completeness and missing documentation to be completed and filed	Fezekile Colani		
General IT controls												
IT Environment: Inadequate access restrictions (Ex. 8)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/corrective action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
					INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell			
32	Pg. 92	An assessment of internal controls relating to the supplier database management has indicated that the risk of unauthorised changes to the database is not addressed adequately due to the following: 1. Everyone has access to the supplier database and can make changes. 2. Only changes of banking details require authorisation. The informal process implemented was inadequately designed to mitigate the risks of unauthorised access to the SAMRAS system	Internal control deficiency	General IT controls	Other important matters	Management should implement control procedures addressing the risk of unauthorised amendments to the supplier master file.	Old	28-Feb-16	Management should implement control procedures addressing the risk of unauthorised amendments to the supplier master file.	Zwai Guata		
IT General controls: Inadequate IT controls (Ex. 13)												
33	Pg. 93	1) Inadequate it governance controls: Service providers were not monitored against the services agreed in the SLA to ensure optimal service delivery. 2) Inadequate user access management controls: No evidence submitted for independence review for users who grant access user access to financial system. 3) Inadequate program change management: There are no formally documented and approved processes in place to manage upgrades/updates made to all financial systems. It was said that the draft program change management policy is developed and it still need to be submitted to council for approval but no evidence of a draft program was submitted to the auditors.	Internal control deficiency	General IT controls	Other important matters	Management should ensure that an IT Policy and procedures that are responsive to the information system needs of the municipality are properly designed, implemented and their implementation are monitored.	Old	30-Jun-16	Management should ensure that an IT Policy and procedures that are responsive to the information system needs of the municipality are properly designed, implemented and their implementation are monitored.	Zwai Guata	Management has evaluated the performance of the ICT service providers and reported it to the ICT Steering Committee held on 2 May 2015 as per attached minutes. Furthermore, the Municipal Corporate Governance of Information and Communication Technology Policy has been adopted by the council to be used as an IT governance framework to support the business and the IT Head will start implementing phase 1 of the framework from the 2015/16 financial year. The IT head is currently developing the Service level management process and procedure document that would be used as a guideline for managing service providers. This document should be approved by council before June 2016. 2. To address IT Risks the IT policy has been reviewed and approved by the council and the head of IT has been mandated to report all IT related risks quarterly to the ICT Steering committee. 3. The IT Program change management policy has been approved by council in June 2015 and duly implemented. Signed Council minutes have previously been given to the Auditors.	
Compliance:												
Procurement: Deficiencies in SCM policy (Ex. 38)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New/ Old Issue	Estimated date of completion/action replan	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
34	Pg. 65	During our review of the Supply Chain Management (SCM) Policy we noted the following issues not addressed in the reviewed 2014/2015 SCM policy document: 1. It was noted that nowhere in the document did it mention to what extent the municipality supports the Proudly SA Campaign.	Non-compliance with legislation	Compliance	Other important matters	It is recommended that management thoroughly review the Supply Chain Management Policy with specific attention to required legislation, to ensure that all relevant legislative requirements are complied with	Old	28-Feb-16	Management must thoroughly review the Supply Chain Management Policy with specific attention to required legislation to ensure that all relevant legislative requirements are complied with.	Lerato Lekaba	Policy review to commence immediately	
Use of Consultants: No Needs Assessment / Gap Analysis performed for Consultants (Ex. 62)												
35	Pg. 66	1. The municipality did not conduct a needs assessment/gap analysis prior to the appointment of the following consultants. 2. It was also identified that the SCM policy also does not contain any objective/purpose relating to the appointment of consultants. 3. There is no assessment by the municipality on whether the objectives are better achieved through the use of consultants or employees. This assessment should be done at least on an annual basis. 4 The contracts of consultants do not stipulate deliverables which are linked to milestones and timelines.	Non-compliance with legislation	Compliance	Other important matters	It is recommended that a needs assessment/gap analysis be prepared prior to the appointment of a consultant in order to fully understand the need for that consultant and how the municipality can go about ensuring that the transfer of skills happens as effectively as possible. An attempt should also be made at including an objective/purpose paragraph in the SCM policy regarding the appointment of consultants as this will focus the municipality's attention on the underlying reasons for such appointments.	Old	28-Feb-16	1. Management must ensure that a needs assessment/gap analysis be done prior to the appointment of a consultant in order to fully understand the need for that consultant and how the municipality can go about ensuring that the transfer of skills happens as effectively as possible. 2. SCM shouldConsider including an objective/purpose paragraph in the SCM policy regarding the appointment of consultants as this will focus the municipality's attention on the underlying reasons for such appointments.	Ayanda Nkabe	Consultants' Needs review and SCM Policy review to commence immediately	
Use of Consultants: Inadequate monitoring of Consultants (Ex. 65)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015:

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS:				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/resolution	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
36	Pg. 98	It was noted that Abeyra Trading, and CJ Van Den Berg are not being monitored on a monthly basis, but rather a quarterly basis. The performance monitoring that occurs on a quarterly basis is not effective as it is a consultant register that merely states what has occurred in the project rather than making a proper assessment of whether the consultant has performed in terms of the contract. Furthermore, it was noted that the contracts of these consultants did not stipulate the penalty clauses and the terms and conditions for the termination of the contract in the case of non- or underperformance	Internal control deficiency	Compliance	Other important matters	Performance monitoring of consultants should be assigned to senior officials who will understand the terms of reference of the consultant to be able to identify any instances of underperformance. The heads of departments should ensure that all consultants in their respective sections are being monitored and monthly reports are provided and reviewed.	Old	28-Feb-16	Management to ensure all Consultants are managed on a monthly basis to ensure the consultants adhere to the terms of reference.	Ayanda Mbebe	Consultants monthly Monitoring and review to commence immediately	
Procurement (SCM): No advertisement of quotations (Ex. 36)												
37	Pg. 99	It was noted that the following awards were made to DS Trust (Design@Say) and Futurex without being advertised:	Non-compliance with legislation	Compliance	Other important matters	It is recommended that all procurements exceeding R 30 000 should be obtained through quotations by advertising the request for quotations for at least seven days.	Old	28-Feb-16	Management to ensure all awards above R30 000 are advertised for 7 days or alternatively a valid deviation must be approved.	Ayanda Mbebe		
Procurement (SCM): Valid Tax Clearances not provided (Ex. 38)												
38	Pg. 100	Whilst performing testing of the supply chain management process, it was noted that not all the providers had supplied the municipality with a full name, identification number or company registration number, tax reference number and VAT registration number, if any, and valid tax clearance certificate as required by legislation;	Misstatements in annual financial statements	Compliance	Other important matters	Management should ensure that all potential suppliers provide the municipality with an identification number or company registration number, tax reference number and VAT registration number, if any, and validated an original tax clearance from the South African Revenue Services to ensure that the provider's tax matters are in order	Old	28-Feb-16	Management must ensure all Suppliers have valid Tax Clearance Certificates (TDC) prior making awards	Ayanda Mbebe	Management has already implemented this since July 2015 and is updating the database and TCC's on a continuous basis.	
Procurement (SCM): Preference point system not used or incorrectly used (Ex. 39)												
39	Pg. 103	Whilst testing the supply chain management process, it was noted that the awards listed below were not evaluated in accordance with the preference point system as prescribed by the PPPF Act. These awards will therefore constitute irregular expenditure.	Non-compliance with legislation	Compliance	Other important matters	The preference point system as prescribed by The Preferential Procurement Policy Framework Act No. 5 of 2000 should be applied in the procurement of goods and services above R30 000	Old	28-Feb-16	Management must ensure implementation of PPPFA prior making awards or alternatively a valid deviation must be approved.	Ayanda Mbebe		
Procurement (SCM): Designated Goods not procured properly (Ex. 42)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/correction	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
40	Pg. 105	During the testing of procurement it was identified that the bid specification for tender of designated goods, tender no.T 15/2014, awarded to Transfix Transformers at R211 629 did not specify the minimum threshold for local production. Furthermore, the winning provider did not furnish the municipality with the declaration on local production and content and it was possible to verify if the winning service provider met the minimum threshold for local production and content.	Non-compliance with legislation	Compliance	Other important matters	Management should consider if designated goods/services are being procured and ensure all laws and regulations are complied with.	Old	28-Feb-16	Management must familiarise itself with the Designated Goods Requirements and implement accordingly the required legislation	Ayanda Mbabe		
Procurement (SCM): Bid Register and results not published on website (Ex. 94)												
41	Pg. 106	When testing competitive bidding it was noted that the municipality did not publish the bid registers and results on the municipality's website for the following bids (p106)	Non-compliance with legislation	Compliance	Other important matters	The IT section should ensure that the municipality's website is properly maintained and accessible at all times. The SCM Manager should ensure the bid registers are scanned and uploaded on the website in a timely manner and the winning bidder should be published on the website.	Old	28-Feb-16	SCM to provide IT with Bids Register timeously IT to ensure Bids register is uploaded immediately after receiving it from SCM	Zwai Gush		
Internal Controls												
Planning: Control Environment - Deficiencies in Internal Control (Ex. 7)												

)PCA Plan 2014/15 - External Audit Queries
015/16 - DRAFT VERSION 1.0

s per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendations	New/ Old Issue	Estimated date of completion/Corrective action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
42	Pg. 107	During the evaluation of a culture of honesty and ethical behaviour of management, it was noted that: 1. The auditee did not do periodic acknowledgement of the codes of conduct by signature by employees. Only some sections of the municipality were work-shopped on the code of conduct during the year. 2. The auditee has no performance appraisals which are based on an assessment of critical job factors and clearly identify areas in which the employee is performing well and areas that need improvement. 3. The auditee has no formal process of providing employees with candid and constructive job performance counselling. 4. The auditee does not promote, compensate, and rotate employees based on periodic performance appraisals. 5. The auditee does not perform performance appraisals based on the performance areas indicated in the performance contracts of individuals and there are no performance areas in the contract linked to the objectives, indicators and targets in the entity's strategic plan	Internal control deficiency	Internal Controls	Other important matters	The accounting officer should ensure that there are proper internal controls in the municipality as a whole and employees acknowledge upholding the code of conduct annually. In addition, there should be periodic performance appraisals for all staff which includes identifying critical areas of work that need improvement.	Old	30-Jun-16	Management to ensure all staff sign the code of conduct and that the performance of all staff is periodically reviewed and acknowledged.	Fezeka Colani		
CM Internal Controls: Internal Control weaknesses relating to SCM (Ex. 48)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS:				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/corrective action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
43	Pg. 109	An assessment of internal controls over procurement indicated that the following internal controls weaknesses exist: 1. SCM officials are not aware of the code of conduct and have not signed it. 2. Key positions in the SCM unit, such as the SCM manager post, were left vacant for a significant period of time. 3. Declaration of interests by SCM officials and role players are not recorded in a register kept by the accounting officer for this purposes. 4. Certain council members have not declared their financial interest. 5. The annual SCM implementation report did not make mention of the SCM implementation of the SCDA. 6. The official delegated by the CFO to approve less than three quotations obtained for awards between R2 000 and R10 000, does not report such approvals to the CFO within 3 days of the end of each month. 7. The accounting officer or CFO is not notified in writing on a monthly basis of all written and verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation.	Internal control deficiency	Internal Controls	Other important matters	Management should prepare a training plan for the SCM officials to ensure that all the participants in the SCM process are properly trained in their duties. Furthermore, the municipality should ensure that employees are reminded about the municipality's code of conduct on an annual basis. In addition to the above, management should take the necessary steps to ensure that the information and documentary evidence is maintained to support the implementation of resolutions relating to SCM and such information should be made available when requested by the internal or external auditors.	Old	28-Feb-16	Management to ensure SCM officials sign Code of Conduct. Management to ensure that training analysis is done for SCM officials. SCM Manager to ensure all reports are compiled and submitted timeously to respective recipients	Ayanda Mbebe		
Use of Consultants: Terms of Reference non-existant for Consultants (Ex. 63)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no	Query #	Finding	Classification	Area	Impact Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/corrective action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
44	Pg. 110	Abeysi Trading and CJ Van Den Berg were selected for the use of consultant testing and the following were identified: 1 The following details regarding transfer of skills were not included in the terms of reference : i) employees to be trained, ii) skills to be transferred, iii) Monitoring and evaluation arrangements 2 The consultant's contracts do not include a clause for transfer of skills 3 There are no measures in place to monitor the transfer of skills from the consultants to the employees and there is no is evidence of formal skills transfer for Abeysi Trading	Internal control deficiency	Internal Controls	Other important matters	It is recommended that terms of reference be included in the agreement with the Consultant as this allows for the expectation of what is required to be set out from the beginning of the project. This will allow for easier and more effective performance management monitoring as there will be initial expectations that have been established that can be used as a basis for the monitoring	Old	28-Feb-16	SCM to ensure that whenever Consultants are appointed, transfer of skills is clearly defined and captured in Terms of Reference and SLA's	Ayanda Mbebe		
Cash and cash equivalents: Management of Bank Accounts (Ex. 108)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old issue	Estimated date of completion/correction	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
					INPUT Cell		INPUT Cell		INPUT Cell		INPUT Cell	
45	Pg. 112	During the audit work performed on cash and cash equivalents, the following issues were noted: 1. The municipality designated two banks accounts (ABSA - Cheque account - 2200000008 and FNB - Cheque account - 62541421046) as its primary bank accounts. 2. The municipality changed its primary bank account in the current year from ABSA (Cheque account: 2200000008) to FNB (Cheque account: 62541421046) without informing the National Treasury and the Auditor-General, in writing, at least 30 days before the bank account was changed, as required by section 8 (5) of the MFMA. 3. The provincial treasury and the Auditor General were not informed about the new bank account opened in the current year (FNB - Cheque account, 62541421046). The officials may have not been aware of the requirements to communicate the bank accounts to the National Treasury and the Auditor General.	Non-compliance with legislation	Internal Controls	Other important matters	Management should put controls in place to ensure that the municipality complies with the MFMA. Management should consider developing checklists for all the major sections of the MFMA and distribute them to the relevant sections. Management should ensure that the relevant officials are properly trained about the legislation that relates to their sections and they use the checklists to evaluate the compliance of their sections.	Old	28-Feb-16	Management must ensure that the MFMA is complied with in all instances.	Gerard Golleth		
Cash and Bank - Securities and guarantees (Ex. 11B)												
46	Pg. 114	Ongoing monitoring and supervision is not undertaken to enable management to determine whether internal control over financial reporting is present and functioning.	Non-compliance with legislation	Internal Controls	Other important matters	Management should strive to fulfil its responsibilities as set out in legislation and in accordance with accepted best practice.	Old	28-Feb-16	Management to Ensure MFMA is complied with in relation to securities and guarantees.	Gerard Golleth		
Other Compliance												
Prior Year follow up: Evaluation of Prior Year Uncorrected Misstatements (Ex. 12)												

)PCA Plan 2014/15 - External Audit Queries
:015/16 - DRAFT VERSION 1.0

ls per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Importance	Audit Recommendation	New / Old Issue	Estimated date of completion of action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
47	Pg. 118	The findings included in the tables below (p118) were reported as material uncorrected misstatements in the prior year. Consultants were engaged to review and value all assets of the municipality. However, during the current year audit it was noted that there were still misstatements in the current year and prior year. These misstatements were reported in various communications of audit findings.	Misstatements in annual financial statements	Other compliance	Other important matters	Management should ensure that the action plans per audit plan for each issue are implemented during the year, not at year end, and on a regular basis should monitor performance of action plans	Old	28-Feb-16	Management must ensure immediate actions to address audit findings	Gerard Goliath		
Service Delivery												
Service Delivery: Water and Sanitation - weaknesses in service delivery (Ex. 33)												
48	Pg. 119	1. Water and sanitation infrastructure projects have exceeded their planned completion date; 2. Municipality overspent on the MIG conditional grant received in the current year; 3. Municipality does not have an approved policy in place for routine maintenance of water infrastructure. The asset management policy of the municipality which outlines the maintenance of infrastructure asset does not provide guidance or procedures for routine maintenance of water infrastructure; 4. Municipality has not achieved the green drop status. On verification on the Department of Water Affairs website, it was noted that Blue Crane Route Local Municipality was encouraged to develop a Green Drop Implementation Plan to facilitate the implementation of risk based interventions to improve compliance and to reduce the risk rating of the plants. This, however, has not been done as the implementation plan target was not achieved in the current year.	Service delivery	Service delivery	Other important matters	1. Leadership should ensure that a policy is developed and approved for routine maintenance of water infrastructure. The approved policy should be properly rolled out to all officials in the technical department and its implemenation should be monitored on a regular basis. 2. Management should ensure that measures to monitor contract performance and delivery has been defined and implemented 3.The internal audit unit should review the implementation of the maintenance policy for infrastructure and provide recommendations to management.	New	28-Feb-16	1. Management to develop and approve an annual Infrastructure Maintenance Plan; 2. Management to improve Contract Management for its Infrastructure Projects; 3. IA to review the implementation of Maintenance plans.	Zuziwee Ntlie		
Inventory												
Inventory: Control Deficiencies identified during stock count using work of internal auditors (Ex. 30)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old Issue	Estimated date of completion of action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
49	Pg. 121	The following deficiencies in internal control were noted as evidence by the work performed by the internal auditor: 1. it was confirmed that the municipality does not have any stock count procedures documented but merely give instructions verbally to count teams. 2. the stock controller and the stock assistant were part of the count teams. 3. Observed stock counting teams and identified that they were not following any standard procedure or uniformed process and the were no markers or tags used to identify counted items. 4. Inspected the stock sheets and verified that all stock sheets are signed for but not all alterations are signed for 5. There is no effective process of identifying obsolete or slow moving stock. 6. Internal audit also found CD42 Glass 203MM X438 X 3MM 187 window payne glasses that are obsolete as they have been lying at the stores for the past 4 years. These glasses are also not marked as such on the stock sheets 7. no proper process is in place to deal with or resolve differences in counts as there are no count	Internal control deficiency	Inventory	Other important matters	Management should establish procedures and policies on how the yearend inventory count is to be performed. The established procedures should address, the independence of the persons performing the counts, i.e. staff that is also custodians of stock should not be part of count teams. Appropriate supervision should be factored into the count, with supervisors ensuring the accuracy of the counts submitted. Considerations should also be given to sequentially numbered count sheets and the use of stock tags to better facilitate the completeness of the count and the identification of obsolete stock.	Old	28-Feb-16	SCM Manager must develop a Stock Count Procedure Manual	Ayanda Mbobo		
Inventory: Incomplete accounting policy and disclosure (Ex. 56)												
50	Pg. 123	The cost formula used for the valuation of inventories (weighted average) has not been disclosed in the annual financial statements as required by the provisions in GRAP 12 paragraph 47	Misstatements in annual financial statements	Inventory	Other important matters	Management should ensure that a checklist of all the disclosure requirements for inventories per the GRAP standard is maintained. This checklist should be reviewed against the disclosures made and the requirements per the standard.	Old	28-Feb-16	Management must still adjust the disclosure in the AFS as per the finding.	Martin Meyer		
Leases												
Finance Leases: Incorrect VAT raised on finance costs (Ex. 58)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015:

INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Comment no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old issue	Estimated date of completion of action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
					INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell			
51	Pg. 124	It was noted that VAT of R 13 041 32 was incorrectly recognised on finance costs of relating to the Fintech Finance Lease Agreement. This is as a result of management's misinterpretation of the provisions per the VAT Act and accepting the incorrect VAT amount as shown on the lessor invoices as being correct.	Non-compliance with legislation	Leases	Other important matters	It is recommended that management ensures that they fully comply with the provisions of the VAT Act by reviewing the accounting for finance lease to ensure that no VAT is recognised for finance costs. We further recommend that management review the invoices received from the lessor to ensure that the correct VAT amount is reflected in this regard.	Old	28-Feb-16		Martin Meyer		
Operating Expenditure												
Expenditure: Payments not made within 30 days (Ex. 36)												
52	Pg. 125	Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by sections 65(2)(e) and 99(2)(b) of the MFMA.	Non-compliance with legislation	Operating Expenditure	Other important matters	Management must ensure that there is a proper cash management system in place to ensure that funds are available to pay invoices within 30 days of invoice date	Old	28-Feb-16		Elsabe Helene		
Expenditure: No matching of Goods to Supporting documents (Ex. 31)												
53	Pg. 127	For the goods in CoAF 20 there was no control in place to ensure that goods received agrees to the requisition, purchase order and supplier delivery note which could result in accepting the incorrect goods as well as the incorrect quantity of goods. Incorrect quantities of goods may be received and the municipality may pay for goods that were not received.	Internal control deficiency	Operating Expenditure	Other important matters	The finance department should ensure that relevant department (receiving goods /service) have a copy of the requisition /purchase order before the goods/service is received. The relevant department should then ensure the correct goods/service is received by comparing the goods /service received to the purchase order /requisition.	New	28-Feb-16	The SCM section should enforce that all users sign form that certifies the quantity of goods received has been checked against the Requisition and any discrepancies have been highlighted.	Ayanda Mbebe		
VAT Compliance: Incorrect VAT Invoice (Ex. 33)												
54	Pg. 128	The following invoices are not valid Vat invoice as they have incorrect Vat numbers or have omitted Vat numbers. This responsibility has not been allocated to the respective individual(s) due to staff shortages and time constraints. Consequently input vat may be incorrect and unnecessary expenditure could be incurred due to potential penalties from SARS	Non-compliance with legislation	Operating Expenditure	Other important matters	The finance department directed by the CFO should ensure that all relevant information required for tax invoice is present.	Old	28-Feb-16	CFO to forward the minimum details of a tax invoice to all peyment processing staff in order to confirm the correctness with SARS requirements when payments are made	Gerard Golleth		

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

INPUT Cell | INPUT Cell | INPUT Cell | INPUT Cell | INPUT Cell

Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old issue	Estimated date of completion/action taken	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
55	Pg. 130	The discrepancies noted all had similar characteristics as to why they resulted in non-compliance with section 65 of the MFMA. It appears that the municipality does not have adequate controls in place to ensure that invoice/statements are processed within 30 days to comply with the MFMA.	Non-compliance with legislation	Operating Expenditure	Other important matters	Appropriate internal controls need to be put in place, specifically addressing the municipality's compliance with section 65 of the MFMA to have all creditors paid within 30 days. It is essential for the municipality to avoid being subjected to interest charges and thus have their resources utilised inefficiently. It is recommended that an outstanding payments list be prepared and reviewed periodically by a senior manager. This in addition to other controls that promote segregation of duties will result in a fluid system that aligns the municipality with the requirements of the MFMA.	Old	28-Feb-16		Sizeka Hulana		
Payable												
Accounting policies: No Accounting policies (Ex. 35)												
56	Pg. 132	Upon a review of the annual financial statements (AFS) provided to the auditors for the year ended 30 June 2015, it was noted that there was no accounting policies for the following. (i) Consumer Deposits (ii) Heritage Assets This exception was raised in the prior year as well	Misstatements in annual financial statements	Payable	Other important matters	It is recommended that Management, Internal Audit and the Audit Committee perform a detailed review of the Annual Financial Statements (AFS) before submission to the External Auditors and that an accounting policy for Consumer Deposits be developed and inserted in the AFS.	Old	28-Feb-16	As Accounting Policy for Consumer Deposits and Heritage Assets must be developed and included in the AFS	Martin Meyer		
Trade and Other Payables: Wage earners leave days balance accrual not raised (Ex. 53)												
57	Pg. 134	During the leave accrual completeness test it was noted that there is no accrual raised for leave payments made to wage employees. Per discussion with the Chief Accountant, the wage earners receive a pay-out for all leave days accrued at the end of the project to which a particular employee has been appointed for, although the accrual amount is not reflected in the financial statements. The Chief Accountant confirmed that no accrual has been raised for wage employees on projects that had not come to an end as at 30 June 2015. The completeness of the amount to be accrued for could not be determined. The above is due to lack of review of the leave accrual to the full payroll listing. The leave pay provision has been understated by R664 in relation to wage earners.	Misstatements in annual financial statements	Payable	Other important matters	Management should perform a review of the leave accrual raised, ensuring that all employees with leave balances at year end are appropriately included in the leave accrual at year end.	Old	31-Jul-16	Management to check all wage-earners' contracts at 30 June 2016 and raise an accrual for any unpaid leave.	Martin Meyer		

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INPO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no	Query #	Finding	Classification	Area	Impact rating	Audit Recommendation	New / Old issue	Estimated date of completion/start action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
Trade and Other Payables: Errors Noted in Payables (Ex. 54)												
58	Pg. 135	The following creditors were incorrectly recorded at year end; The following leave accrual differences were noted. The following amounts were paid and relate the 2014/2015 financial year after year, but were however either incorrectly recorded or not recorded at all in the creditor's balance at year end. (refer page 135)	Misstatements in annual financial statements	Payables	Other important matters	It is recommended that reconciliations of all supplier balance to the recorded amount be done at year end. Reconciling items should be followed up and appropriately recorded. With the Municipality's current process, it is recommended that a review of the supplier invoice file be done and those not marked as "paid" be raised as accruals if the transaction occurred before year end. Further, it is recommended that a clear list of vote numbers used and description of the accounts be made available to the clerks so that they can properly allocate transactions to the correct accounts. Management regularly review the work done by clerks to ensure that it is properly done.	Old	30-Jun-16		Sizeka Hulana		
Predetermined objectives												
AOPO: Assessment on municipality's development no included in the IDP (Ex. 9)												
59	Pg. 139	The adopted IDP does not reflect the assessment for 2014/15 financial year. The assessment in the IDP is aligned to the statistics period (2009 to 2011) of which it does not cover the current status of the municipality's development of the communities. The assessment was not documented.	Misstatements in annual performance report	Pre-determined objectives	Other important matters	The municipality must incorporate the development of the municipality taking into account the progress of the municipality's development as included in the annual report. In the process of updating the IDP on an annual basis, the needs of the communities must be identified and documented	Old	31-Mar-16		Samela Henabe		
AOPO: Lack of service delivery with budget being allocated (Ex. 14)												
60	Pg. 140	As per approved SDBIP, the following indicators were budgeted for, however, in the annual performance report, the projects have been reported as not having been achieved due to budget constraints.	Misstatements in annual performance report	Pre-determined objectives	Other important matters	The head of each department should allocate available resources to each indicator as may be required. In allocating available resources, the head of department should consider the level of resources that will be necessary to achieve the planned targets and in cases where a consultant has been used to value the project, their work needs to be reviewed by management to ensure that all factors have been taken into consideration.	Old	31-Mar-16		Samela Henabe		
AOPO: Key performance indicators not well defined and verifiable (Ex. 16)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INPO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Impact/rating	Audit Recommendation	New / Old issue	Estimated date of completion/corrective action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
61	Pg 142	During the audit of pre-determined objectives it was identified that certain indicators were not well defined. Refer to the comments column for further detail on the finding relating to a specific indicator The following indicators are not well-defined. Further the processes that produce the indicators are not verifiable the indicators are not clearly defined.	Misstatements in annual performance report	Pre-determined objectives	Other important matters	Management should review the performance information to ensure that it demonstrate clearly how the municipality delivers on its mandate. This involves having adequate reviews of each performance indicator by the heads or departmen in which the indicator is applicable. The PMS Manager should perform the final review to ensure that performance indicators are well defined and verifiable. The verifiability of indicators may be achieved by having clearly documented standard operating procedures which detail the inputs, processing and outputs for each indicator	Old	30-Jun-16		Barnela Hanabe		
AGPO: Deficiencies in internal controls (Ex. 17)												
62	Pg 144	The municipality does not have established standard operating procedures to be followed in carrying out the performance management of the set indicators.	Misstatements in annual performance report	Pre-determined objectives	Other important matters	Management should establish manual or automated standard operating procedures to be followed for each key performance indicator. The procedures should state clearly the input, processing and output system for each key performance indicator. Below are the minimum details that could be considered in the procedures to ensure that operating procedures cover the relevancy, well-definability, verifiability, cost-effectiveness and appropriateness of set indicators: -source or collection of data -method of calculation -data limitations -type of indicator -indicator responsibility -reporting cycle Furthermore, the three steps of the system which are input, processing and output should incorporate related controls activities in place to ensure validity, accuracy and completeness of each performance indicator. The set standard operating procedures should be reviewed to ensure that they relate to the expected actual outcome for the project.	Old	30-Mar-16		Barnela Hanabe		

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INPUT TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

INPUT Cell | INPUT Cell | INPUT Cell | INPUT Cell | INPUT Cell

Control no.	Query #	Finding	Classification	Area	Impact/Risk	Audit Recommendation	New / Old issue	Estimated date of completion of action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
83	Pg. 146	1. The EPWP and CWP beneficiaries as per the list and reports provided by municipality do not agree. The number of beneficiaries included in the APR is incomplete. Refer to table (p148) below for discrepancies identified: 2. A further 31 EPWP beneficiaries who were employed in the upgrading of gravel roads and town house cleaning projects could not be traced to the list of beneficiaries for 2014/2015. 3. A limitation was encountered in auditing the CWP jobs created as the municipality is responsible for limited duties in relation to the project. The project is done by an implementing agent, Siyakholwa Development foundation, who reports to the Department of Public Works. The municipality is only provided with reports as a result we could only audit the reports prepared by the agent without the detailed supporting documentation	Misstatements in annual performance report	Pre-determined objectives	Other important matters	• Management should ensure that actual achievement as reported in the APR is supported by a portfolio of evidence. • Heads of departments should ensure that on a quarterly basis as they report on the achievement of actual targets, sufficient evidence supports the actual achievement. • PMS should ensure that the system is carried throughout the year and in final reporting. • The internal audit function can further, verify the portfolio of evidence supporting actual achievements on a quarterly basis.	Old	28-Feb-16		Samela Hanabe		
AOPO: Deficiencies identified on reliability of performance information (Ex. 78)												
84	Pg. 149	Refer page 148 for detailed finding. Based on discussions held with management it was noted that the root cause for the above deficiencies was mainly that the officials responsible for setting performance indicators were not aware of how they should go about to ensure that the indicators that are included in the SDBIP are complete and sufficient to achieve the strategy of the municipality using available resources. As a result some of the indicators were regarded as being operational and not related to the technical department.	Misstatements in annual performance report	Pre-determined objectives	Other important matters	• Each head of department should ensure that there is a proper alignment between the strategic objectives of their sections and the indicators set to achieve the strategy. • Furthermore, the heads of department should ensure that there is a direct link between the strategic objectives and indicators and the procurement of their departments. I.e. Each procurement award/ project should be linked to an indicator in the SDBIP and its performance should be monitored and reported in the quarterly performance reports and the annual performance report. • The PMS Manager should review the set indicators ensuring that they achieve the strategic objectives of a development area. PMS Manager should further ensure that there is a proper correlation between the indicator and the budget allocation in order to improve operational effectiveness of the municipality.	New	28-Feb-16		Samela Hanabe		

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control No.	Query #	Finding	Classification	Area	Important/Noting	Audit Recommendation	New / Old Issue	Estimated date of completion/corrective action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
65	Pg. 152	The municipality does not have a plan that directs the scheduled maintenance and renewal of roads infrastructure in place. The maintenance plan was planned and budgeted for as per 2014/15 SDBIP Below (p162) is an indicator that was not achieved relating to the maintenance plan	Non-compliance with legislation	Pre-determined objectives	Other important matters	Management should ensure there is a roads maintenance plan in place. This was not achieved in the current year and should be included for 2015/16 performance. Head of department: Technical Services should ensure that the indicator is included in 2015/16 SDBIP and further, follow up on the budget to ensure that funds are available to ensure achievement of the target.	Old	28-Feb-16		Samela Hendrik		
Revenue												
Revenue: Lack of controls over cash management (Ex. 6)												
66	Pg. 153	During the review of internal controls for revenue and it was identified that there are lack of controls regarding the receiving of money from the traffic department. When inspecting the daily schedule the following control deficiency were identified: 1) There are no signatures of employees receiving the money 2) There are no receipts numbers written in some dates or days, because there is no signature of the person receiving the money we are unable to identify the person who did not issue a receipt in those days. It was further noted that there were no changes or implementation of new controls around cash management as per the resolution taken at the audit committee meeting that the financial director from August 2014 will put new measures to improve internal controls around cash management. Improved controls will be reviewed and report back provided to Audit Committee on a continuous basis.	Internal control deficiency	Revenue	Other important matters	Management should ensure that adequate controls are in place over the cash processes	Old	28-Feb-16		Izaaka Haiana		

DPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact Rating	Audit Recommendation	New / Old Issue	Estimated date of commencement/completion	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
67	Pg. 155	During the audit of indigent debtors, it was noted that a list of applications do not have the minimum supporting documentation requirements as stated in the Indigent Policy of the municipality.	Misstatements in annual financial statements	Revenue	Other important matters	Based on the findings identified above, it is recommended that the Municipality: - Obtain a detailed understanding of its Indigent Policy and ensure that each application form that is received for indigency be reviewed in accordance with this policy. If the applicant does not have all the sufficient supporting documentation, they be made aware of this fact, inform them of what is required and recommend they submit the form again once it is complete. - All application forms should have a checklist listing all the required documentation and a senior official should review the completed checklist prior to approval of applications against the actual documents attached to the application. - Fill out the "Office Use" section properly for new applications to ensure they are approved by Council before any indigent services are awarded to the applicants. - Perform a thorough review of information captured on the system compared to what is submitted on the application forms. This will assist with avoiding reoccurrences of instances noted in finding 0.	Old	28-Feb-16		Eloska Hulana		
Revenue - Limitation of scope (Ex. 71)												
68	Pg. 164	During the testing of Revenue, it was noted that the following items could not be presented for testing of other income: These relate to receipt books kept at Bestershoek and the Municipality could not locate these books to present to the External Auditors to inspect.	Misstatements in financial statements	Revenue	Other important matters	It is recommended that the Municipality keep adequate records of all Revenue Supporting Documentation to enable the Municipality to have information on hand to enable speedy delivery to the Auditors when requested. - It is also recommended that the Bestershoek receipting department adopt the receipting books of the municipality and implement internal controls relating to the custody of receipt books i.e. to implement a register to record the takings of receipt books in order to isolate responsibility should these receipt books end up missing.	New	28-Feb-16		Eloska Hulana		

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/comments	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
69	Pg. 168	During the testing of Licences and Permits it was noted that the Municipality's Tariff listing presents tariffs for licences and permits without VAT. This is contrary to the VAT Act as licences and permits collection fees are charged inclusive of VAT. Per further inspection of the tariff listing and prior year exceptions that were raised, it was noted that building plan fees are still stated at excluding VAT, whereas they also standard rated taxable supplies.	Internal control deficiency	Revenue	Other important matters		Old	28-Feb-16		Sbaka Hulana		
Revenue - Misstatement in Income from Agency Services (Ex. 81)												
70	Pg. 167	During the testing of Revenue, it was identified that the agency fee charged during the current year was reduced from 23% to 19%. Per inspection of the service level agreement between the municipality and the Department of transport, this came into effect February 2015. It was noted from amounts tested that agency fees shifted to 19% from October 2014.	Misstatements in annual financial statements	Revenue	Other important matters	It is recommended that there be proper communication channels between the Department of Transport and the Municipality to enable parties to respond to changes in the business environment in a timely manner	Old	28-Feb-16		Sbaka Hulana		
Revenue - Deficiencies identified in the journal process (Ex. 104)												
71	Pg. 168	During the testing of journal entries relating to revenue, the following instances of deficiencies in the passing of journals were noted: 1. Per the inspection of journal 2481 and the votes ledger it was noted that the following entries were passed but did not appear on the journal form: No supporting documentation was attached to the journal form relating to this entry 2. Per inspection of journal entry IC2881 it was noted that a debtor that was written off paid their account after write off. The following entries were recorded:	Internal control deficiency	Revenue	Other important matters	- It is recommended that management perform a thorough review when it comes to the passing of journal entries that adequate support is attached to the journal form justifying and corroborating the adjustments to be made, before entries are passed onto the system. - It is also recommended that when bad debts are recovered from consumers at a later date, they be treated as follows: Debit: Bank (amount received) Credit: Revenue - bad debts recovered Credit: VAT Liability (as the municipality is on the payment basis)	New	28-Feb-16		Sbaka Hulana		
Borrowings & Long-term loans												

)PCA Plan 2014/15 - External Audit Queries
:015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old issue	Corrective date or completion/mitigation action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
72	Pg. 170	Upon inspection of the terms and conditions of the loan agreement with ABSA, the municipality has to comply with the following financial covenants: 1 Consumer debtor's collection rate to be maintained at > 65 %, 2 Net cash from operating activities to interest bearing debt not to deteriorate below 60% ,and 3. Total interest bearing debt to annual operating revenue not to exceed 40% The above is a result of the municipality not adequately reviewing the disclosure items against the actual loan agreements to ensure compliance with the applicable accounting framework. The municipality was not aware of the disclosure error and therefore a detailed check against the disclosure requirements was not done. The above results in a material misstatement of the disclosure items, as should the case be that the municipality breaches the terms of the agreement, the municipality might be required to indemnify the bank as per the agreement. This will affect the financial position of the municipality as well as the performance thereof resulting in possible cash flow issues.	Misstatements in Financial statements	Borrowing & long-term loans	Other important matters	Management should ensure that the following is performed in their review processes: - All disclosure requirements per the applicable GRAP standards are considered by completing a checklist - Thoroughly inspecting the terms and conditions of all loan agreements and ticking off the disclosure requirements against the checklist - Considering all the possible effects that the breaches of agreements could have on the municipality's position and evaluating the significance and concluding on whether it will be useful to users to determine if disclosure is necessary. - A senior official in consultation with the delegated officials that signed the loan agreements, should obtain an understanding of the terms and review all disclosures against both the actual terms of agreements as well as the disclosure checklist.	New	28-Feb-16	The matter has been resolved as the disclosure has been adjusted. Management to ensure continued correct disclosure in 2015/16	Gerard Gollath	Management to ensure continued correct disclosure in 2015/16	[illegible]
Employee Costs												
Resolved: Wages - Inadequate documentation for wages (Ex. 57)												
73	Pg. 172	During the testing performed in wages it was noted that the following employees do not have no identity documents attached on appointment letters or the appointment letter has expired. This is due to the human resource document not ensuring that employee documents are properly maintained and appointment letters of employees are up to date	Internal control deficiency	Employee Costs	Other important matters	Management should put controls in places to ensure that employee documents are properly maintained	New	28-Feb-16	Documentation was provided and the finding resolved	Elmira Hulana		[illegible]

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old issue	Estimated date of completion/ action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
74	Pg 174	During the testing of employee costs it the following difference were noted on the recalculation of the skills development levy (p174) The legislation relating to SDL and overtime calculations was not applied correctly	Non-compliance with legislation	Employee Costs	Other important matters	The legislation should be applied correctly at all times when calculating SDL.	New	28-Feb-16	Management provided reasons for differences and the SDI was re-calculated. The error was reduced in amount but not eliminated. Management corrected the remaining errors from November 2014	Eloska Hulana		
Resolved: Subsistence & travel (Ex. 82)												
75	Pg. 177	During the audit of subsistence and travel the supporting documents for the following subsistence and travel amounts were not submitted for audit (p177)	Misstatements in financial statements	Employee Costs	Other important matters	Management should put controls in place to ensure that accuracy of subsistence and travel forms is checked. Management should ensure that documents requested for audit purposes are submitted promptly	New	28-Feb-16	Outstanding documents have been provided. Finding has been resolved	Eloska Hulana		
Compliance												
Resolved: SCM Compliance - Three quotations were not obtained for certain selections of General Expenditure and Repairs & Main (Ex. 30)												
76	Pg. 179	Three supplier written quotations were not obtained for the selection of the transactional values over R 10 000 up to R 200 000(vat included): (p179 & p180)	Non-compliance with legislation	Compliance	Other important matters	The finance department management should ensure that SCM representative in connection with creditors clerk have the necessary quotations attached to a potential purchase requisition. When approval of the purchase is made proper review of the supporting documentation must be conducted ensuring all the necessary supporting documents are attached	Old	28-Feb-16	Subsequent documentation was provided and the finding has been resolved	Ayanda Mbabe		
Resolved: Procurement (SCM): Three quotations not obtained (Ex. 73)												
77	Pg. 182	Whilst performing testing of the supply chain management process, it was noted that the following awards were made without obtaining three quotations and there were no / inadequate deviations to support the non-compliance	Non-compliance with legislation	Compliance	Other important matters	Management should ensure that for all purchases above R 2 000 have at least three quotes to ensure the best possible price is obtained. This can be achieved by proper planning from the different sections of the municipality to ensure that there is sufficient time to allow the SCM processes. It is therefore important that all officials are aware of the SCM Regulations so that they are acquainted with the time and planning requirements that are necessary to make a procurement	Old	28-Feb-16	Additional supporting documentation were obtained and evaluated and it was confirmed that there were valid deviations for instances where three quotes were not obtained.	Ayanda Mbabe		
Resolved: Procurement (SCM) - Suppliers not on accredited list of providers and splitting of goods (Ex. 74)												
78	Pg. 186	Whilst performing testing of the supply chain management process, it was noted that the following providers are not on the accredited list of suppliers and that mention is made in the Supply Chain Management Policy regarding listing requirements, but specific requirements or criteria are not listed therein to evaluate the suppliers for listing eligibility	Non-compliance with legislation	Compliance	Other important matters	The municipality should maintain an authorised supplier listing that is regularly updated and all providers should be checked to the listing before they are used. Listing criteria should be compiled and included in the Supply Chain Management Policy for obtaining quotes from suppliers not on the list.	Old	28-Feb-16	Additional supporting documentation was obtained and the finding was resolved.	Ayanda Mbabe		

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no.	Query #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old Issue	Estimated date of completion/corrective action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
Resolved: Procurement (SCM): Expenditure greater than contract value (Ex. 88)												
79	Pg. 188	ACTOM Electrical was paid an amount the exceeded the contract value and there is no evidence that the additional amount was approved through a variation order. Item was not obtained economically	Non-compliance with legislation	Compliance	Other important matters	Management should ensure there is proper project management to monitor project expenditure and identify overspending timeously	Old	28-Feb-16	Additional information was provided and it was confirmed that the contract amount has not been exceeded.	Ayanda/Mbebe		
Resolved: Procurement (SCM): Competitive bids process not followed (Ex. 96)												
80	Pg. 190	During our testing of Procurement, the following awards were found to be awarded without evidence of a competitive bidding process being followed for transactions with a value exceeding R 200 000 (p.190)	Non-compliance with legislation	Compliance	Other important matters	It is recommended that for all transactions with a value in excess of R200 000 be procured through a competitive bidding process, or if this is impractical, an appropriately prepared and authorized Supply Chain Deviation Form be completed to reflect this fact and be disclosed in the Annual Financial Statements	Old	28-Feb-16	Auditors has Reviewed additional documentation provided and resolved the finding	Ayanda Mbebe		
Resolved ,Irregular Expenditure - Disclosed amount understated (Ex. 98)												
81	Pg. 192	The requirement in terms of the supply chain regulations were not adhered to. Lack of internal controls and review processes contributed to the non-identification of certain irregular expenditure. This results in the disclosure of irregular expenditure not being complete by R264 279	Non-compliance with legislation	Compliance	Other important matters	It is recommended that controls and review processes be put in place to ensure that all irregular expenditure is identified	Old	28-Feb-16	Management adjusted the AFS correctly and the finding is resolved	Ayanda Mbebe		
Internal Controls												
Resolved: Internal Control: No review of work performed (Ex. 6)												
82	Pg. 193	During the understanding of the processes and system descriptions and walkthrough procedures performed for employee benefit, it was noted that journal Z365 was signed by Christel Botha as the processor and by Sizeka Hulana , the Chief Accountant, as evidence of her review. This journal was however not signed by Martin Meyer as evidence of having reviewed the calculation resulting in the journal.	Internal control deficiency	Internal Controls	Other important matters	Management should review the work of other staff within the municipality. Even though they may not have the necessary capability to re-perform the work, data that can be verified should be verified by management and mathematical accuracy should also be reviewed.	Old	28-Feb-16	The journals was properly reviewed and signed.The finding has been resolved.	Sizeka Hulana		
Resolved: Consumer Deposits -Internal Control Deficiency (Ex. 24)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Impact Rating	Audit Recommendation	New / Old issue	Estimated date of completion/corrective action (INPUT Cell)	Key tasks that need to be performed (INPUT Cell)	Official(s) delegated to (INPUT Cell)	Comments (INPUT Cell)	Status (INPUT Cell)
83	Pg. 194	During the testing of consumer deposits it was noted that there is no adequate deposit register kept and therefore no reconciliations being performed between the deposits received from consumers and the general ledger	Internal control deficiency	Internal Controls	Other important matters	It is recommended that management keep proper record of consumer deposits and that monthly reconciliations be performed between actual deposits received from consumers and what is recorded in the general ledger. A senior personnel member should review these reconciliations	New	28-Feb-16	Management disagrees with the finding. The deposit register was provided and the finding has therefore been resolved	Nzaka Hulene		
Budget												
Resolved: Financial Statements - Budget Disclosure (Ex. 118)												
84	Pg. 195	During the audit work done on the statement of budget and actual amount per the financial statements the following errors were noted	Misstatements in financial statements	Budget	Other important matters	Management should put controls in place to ensure financial statements are reviewed.	New	28-Feb-16	Management response noted. Adjustment budget included at correct amounts. The finding has been resolved.	Martin Meyer		
Immovable Assets												
Resolved: Property, Plant and Equipment: Non Submission (Ex. 21)												
85	Pg. 197	During the execution phase of the audit, the following information (RFI 17) was not submitted for audit purposes by the due date: • The consultants work in the determination of the landfill site opening balance values as they have been restated in the current year audit. This could result in a scope limitation	Misstatements in financial statements	Immovable assets	Other important matters	Management should ensure that the outstanding information is submitted to Auditor General as this will result in scope limitation, which might affect the audit opinion.	Old	28-Feb-16	Information was subsequently provided and audited	Martin Meyer		
Resolved: Property, Plant and Equipment - Accounting Policy (Ex. 76)												
88	Pg. 198	During the testing performed for Infrastructure, it was noted that the useful lives of the assets on the register range from 5 to 80 years. However, the accounting policy on the Annual Financial Statements discloses the useful lives as 30 - 120 years	Misstatements in financial statements	Immovable assets	Other important matters	Management should review the work performed by the consultants to ensure that the work done is in line with the Municipality's accounting policies. Should there be any discrepancies, management should investigate the reasonableness of the consultants work and should consider amending the accounting policies should the consultants work be found to be appropriate	Old	28-Feb-16	The AFS have been adjusted and the finding has been resolved.	Martin Meyer		
Investment Property												
Resolved: Investment Property - Fair value inappropriately calculated (Ex. 91)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS

Control no.	Query #	Finding	Classification	Area	Impact Rating	Audit Recommendation	New / Old Issue	Estimated date of completion of action	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
87	Pg. 199	The municipality engaged experts to determine the value of investment properties. On assessment of the expert methods and assumptions it was noted that a rate per square meter was multiplied by the size of the property to determine the value. Upon recalculation of the rate per square meter variances were identified. Refer below for details: (p199)	Misstatements in financial statements	Investment property	Other important matters	Management should put controls in place to ensure that the work performed by consultants is thoroughly reviewed and recalculations should be made where necessary. This can be achieved by ensuring that consultants are appointed on time and the internal quality control procedures to be performed by consultants are discussed and agreed upon. Furthermore, management should be engaged throughout the process and be provided with a draft report timeously which should be given to the internal audit for review.	Old	28-Feb-16	The adjustment made on the AFS has been audited and confirmed to be correct.	Martin Meyer		
Operating Expenditure												
Resolved: Expenditure: Expenditure made without purchase order (Ex. 84)												
88	Pg. 202	The following transactions were procurement without approved purchase orders (p202) Goods and services may have been procurement without a proper need assessment. Also, this finding could result in goods being purchased without the budget which may result in the expenditure being classified as unauthorised expenditure	Internal control deficiency	Operating Expenditure	Other important matters	The finance department should ensure that all expenditure has authorised Purchase orders before payment is made	New	28-Feb-16	Management provided additional information and the finding was resolved	Gerard Gollatlo		
Provisions												
Resolved: Provisions: Incorrect classification of non-current and current portion of landfill site provision (Ex. 112)												
89	Pg. 204	The rehabilitation of landfill sites provision has been incorrectly presented under current liabilities in the financial statements. Based on audit work done, it was noted that only the Somerset East landfill provision fall due within the next 12 months, the Cookhouse and Pearston provisions should therefore be classified as non-current.	Misstatements in financial statements	Provisions	Other important matters	It is recommended that management does a detailed review of the presentation of the annual financial statements against the requirements of GRAP 1	New	28-Feb-16	Management response was noted. AFS were adjusted, finding has been resolved.	Martin Meyer		
Receivables												
Resolved: Trade Receivables from Exchange - Misstatements in debtors' balances (Ex. 26)												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Control no	Ouery #	Finding	Classification	Area	Impact/Rating	Audit Recommendation	New / Old issue	Estimated date of completion/comment	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
90	Pg. 206	During the testing of trade debtors/it was noted that debtor Number Two Piggeries (Pty) Ltd (account number 31351934) reflected a balance of R 159 665 owing to the Municipality at year end when after year end a journal was passed to correct an error of R 237 994 relating to incorrect meter reading estimates being identified after year end, relating to the 2015 year end. The balance after year end was corrected, however, the balance in the Financial Statements still reflect the R159 665 (debit balance) instead of the R 78 329 (credit balance) that should be reflected. This might be due to the fact that estimations are done over certain periods of consumer's water and electricity consumption due to their location. During this time, actual consumption is not metered but reliance is placed on estimations. This area is very subjective and could cause errors if not performed accurately, or if results are reported that vary greatly from the debtor's normal usage are not followed up on. This has resulted in a debtors balance being overstated by R 237 994 at year end.	Misstatements in financial statements	Receivables	Other important matters	It is recommended that management correct the debtor's balance at year end. It is further recommended that when estimations are performed, they be reviewed for reasonability and that discrepancies be followed up and investigated	Old	28-Feb-16	AFS have been adjusted accordingly and Finding has been resolved	Martin Meyer		
Resolved: Compliance - Bad Debts not written off in terms of Council Resolution (Ex. 113)												
91	Pg. 208	During the audit work done on bad debts written off it was noted that the amount bad debts written off by the municipality does not agree to the amount bad debts write off approved by council. Bad debts per income statement 7 684 287 Council minutes excluding VAT 7 616 555 Difference 47 732 The amount written off net of VAT does not agree to the total write off approved by the council. This results in non-compliance. An amount of R 47 732 is not approved	Non-compliance with legislation	Receivables	Other important matters	Management should put controls in place to ensure that the amount bad debts written off agrees to the amount of bad debts write off approved by council.	New	28-Feb-16	Management response received. Auditors Recalculated the amount written off and resolved the finding	Sizeka Hulana		
Revenue												

OPCA Plan 2014/15 - External Audit Queries
2015/16 - DRAFT VERSION 1.0

As per Management Letter and Audit report 2015

								INFO TO BE UPDATED BY RESPONSIBLE DEPARTMENTS				
								INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell	INPUT Cell
Comment no.	Query #	Finding	Classification	Area	Impact Rating	Audit Recommendation	New / Old issue	Estimated date of completion/ comments	Key tasks that need to be performed	Official(s) delegated to	Comments	Status
Resolved: Indigent Debtors - Limitation of Scope (Ex. 28)												
92	Pg. 210	During the audit of Indigent Debtors, the following application for indigency could not be obtained from the Municipality: Account no Customer name 900167748 NTOTO This has resulted in a limitation of scope in our testing of Indigent Debtors and will be escalated to the Management Report.	Internal control deficiency	Revenue	Other important matters	It is recommended that the Municipality keep adequate records of all the Indigent Debtors and their applications to enable the Municipality to keep track of these debtors and have information on hand to further enable speedy delivery to the Auditors when requested	New	28-Feb-16	Proof that the debtor is deceased was provided and the finding has been resolved.	Sizeka Hulana		
Resolved: Revenue - Misstatement in Prepaid Electricity (Ex. 98)												
93	Pg. 211	During the testing of Prepaid Electricity, it was noted that Receipts relating to sales from the 2014 year have been included in the class of transaction for the year	Misstatements in financial statements	Revenue	Other important matters	Management should ensure that monthly reconciliations between electricity sold and the ITRON receipts are performed timeously and that reconciling items are recorded in revenue in the appropriate period.	Old	28-Feb-16	The AFS were adjusted and the finding has been resolved.	Sizeka Hulana		
Resolved: Revenue Management - Non-compliance (Ex. 106)												
94	Pg. 213	During the testing of the billing schedule, it was noted that no supporting documentation for load charges could be obtained. The debtor that was tested was consumer 31797003 and the amount was R 3600 excluding VAT. We were therefore unable to verify the validity, accuracy and completeness of the charges levied	Misstatements in financial statements	Revenue	Other important matters	It is recommended, where possible, that adequate supporting documentation be kept for all charges levied by the municipality to its consumers. This is to ensure the validity, accuracy and completeness of amounts charged to consumers.	New	28-Feb-16	The extrapolated error for the finding is trivial (R17 000). Therefore, the finding is resolved as per the auditors	Sizeka Hulana		
Resolved: Revenue billing - No supporting documentation for charges levied (Ex. 107)												
95	Pg. 214	During the testing of Revenue Compliance, it was concluded that due to the misstatements identified in revenue relating to meter readings that a sound internal control environment relating to revenue and debtors is in not place	Non-compliance with legislation	Revenue	Other important matters	It is recommended that the recommendations in the revenue audit finding be taken into consideration for implementation. This will assist with the control deficiency identified. It is also recommended that management study the requirements of the MFMA and adhere thereto as best they can.	New	28-Feb-16	Management agrees with the finding. However, This finding was based on misstatements identified in Ex. 105. A follow up was done and it was noted that the finding was not valid. The error was trivial and there were no significant control deficiencies identified. Therefore, the finding is resolved.	Sizeka Hulana		

6.2 AUDIT COMMITTEE REPORT

The Mayor
Blue Crane Municipality
SOMERSET EAST
5850

Dear Madam,

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2015

AUDIT COMMITTEE MEMBERS
The Audit Committee has adopted formal terms of reference in terms of the Audit Committee Charter and consists of three independent members. Four Audit Committee meetings were held during the year.

AUDIT COMMITTEE RESPONSIBILITIES
The Committee reports that it complied to the extent possible with its terms of reference.

OVERALL COMMENTS
The Audit Committee is satisfied with the unqualified audit opinion achieved during the 2014/2015 financial year. The Audit Committee take note of the issues mentioned in the management report and urge the municipality to resolve these items.

We would like to take this opportunity to express our thanks for the excellent co-operation we received from the finance group at the municipality and for the help and guidance afforded to us by the internal auditors and the Auditor General.

Sincerely

RALIE JOHANNA BLIGNAUT
Acting Chairperson

19 January 2016

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

…… ……

G.J. GOLIATH **DATE**
DIRECTOR: FINANCE (CFO)

CHAPTER 7 – COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS: KEY PERFORMANCE INDICATORS IN THE DEVELOPMENT OF THE ANNUAL REPORT

INTRODUCTION

The provincial department together with the National Department of Cooperative Governance developed indicators that seek to assist municipalities to provide information that will assist the MEC to report on municipal performance.

COMPONENT A: KEY PERFORMANCE INDICATORS

7.1 CHAPTER 4: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT – (KPA 1)

No.	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	30	15	50	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	5	5	100	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development	5	5	100	

No.	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	training course within the FY				
4	Percentage of Managers in Technical Services with a professional qualification	3	1	33	
5	Level of PMS effectiveness in the DM – (DM to report)	PMS not yet cascaded to lower levels			
6	Level of effectiveness of PMS in the LM – (LM to report)				
7.	Adoption and implementation of HRD plan including WSP	The Human Resource Plan which includes WSP was adopted by Council in 2014 and is up for reviewal before the end of the current financial year.			
8.	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term				The 10% gap is being addressed
9	Percentage of councillors who attended a skill development training within the current 5 year term	11	5	45	The 45% are relatively young Councillors who are interested in their development,

No.	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
10	Percentage of staff complement with disability	0	0	0	Will be consciously targeted in future to address employment equity targets
11	Percentage of female employees				Partially addressed underrepresentation of female as per Employment Equity Plan
12	Percentage of employees that are aged 35 or younger				This is the percentage of female employees in the organisation. Currently employment plans are not aged based but in terms of employment equity targets

7.2 CHAPTER 3: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS – (KPA 2)

No.	Indicator name	Total number of household /customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year	Comments
1	Percentage of households with access to potable water	8242 96%	350 4%	0 0%	0 0%	0 0%	No land to build formal houses and there is a need to upgrade the bulk infrastructure which is still in planning
2	Percentage of indigent households with access to free basic potable water	3600 41.9%	350 4%	0 0%	0 0%	0 0%	No land to build formal houses and there is a need to upgrade the bulk infrastructure which is still in planning
3	Percentage of clinics with access to potable water	6 100%	0 0%	0 0%	0 0%	0 0%	

4	Percentage of schools with access to potable water	12 50%	12 50%	0 0%	0 0%	0 0%	Farm schools are the ones that do not have access to water because there is no bulk infrastructure
5	Percentage of households in formal settlements using buckets	0 0%	0 0%	0 0%	0 0%	0 0%	

Annual performance as per key performance indicators in Electricity services

No.	Indicator name	Total number of household /customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year	Comments
1	Percentage of households with access to electricity services	8242 96%	350 4%	0 0%	0 0%	0 0%	No land to build formal houses and there is a need to upgrade the bulk infrastructure which is still in planning

2	Percentage of indigent households with access to basic electricity services	4215 49%	350 4%	0 0%	0 0%	0 0%	No land to build formal houses and there is a need to upgrade the bulk infrastructure which is still in planning
3	Percentage of indigent households with access to free alternative energy sources	0 0%	0 0%	0 0%	0 0%	0 0%	

Annual performance as per key performance indicators in sanitation service

No.	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year	Comments
1	Percentage of households with access to sanitation services	8242 96%	350 4%	0 0%	0 0%	0 0%	No land to build formal houses and there is a need to upgrade the bulk infrastructure

No.	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year	Comments
							which is still in planning
2	Percentage of indigent households with access to free basic sanitation services	3600 41.9%	350 9%	0 0%	0 0%	0 0%	No land to build formal houses and there is a need to upgrade the bulk infrastructure which is still in planning
3	Percentage of clinics with access to sanitation services	6 100%	0 0%	0 0%	0 0%	0 0%	
4	Percentage of schools with access to sanitation services	12 50%	12 50%	0 0%	0 0%	0 0%	Farm schools are the ones that do not have access to sanitation because there is no bulk infrastructure

Annual performance as per key performance indicators in road maintenance services

No.	Indicator name	Total number of household /customer expected to benefit (8592)	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year	Comments
1	Percentage of households without access to gravel or graded roads	8592 100%	0 0%	0 0%	0 0%	0 0%	
2	Percentage of road infrastructure requiring upgrade	1439 16.7%	7153 83.3%	1439 16.7%	1151 13.3%	1151 13.3%	Did not complete due to budget constraints
3	Percentage of planned new road infrastructure actually constructed	0 0%	0 0%	0 0%	0 0%	0 0%	
4	Percentage of capital budget reserved for road upgrading and maintenance	8592 100%	8592 100%	8592 100%	8304 97%	8304 97%	Did not complete due to budget constraints

	effectively used.						

Annual performance as per key performance indicators in waste management services

No.	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	8592 100%	0	8592 100%	8592 100%	100%
2	Existence of waste management plan	The existing was adopted in 2008 to be reviewed during 2015/2016 financial year				

Annual performance as per key performance indicators in housing and town planning services

No.	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	800	800	800	0	0
2	Percentage of informal	800	800	800	60%	60%

	settlements that have been provided with basic services				Communal taps	
4	Existence of an effective indigent policy	The municipality adopted an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.				
5	Existence of an approved SDF	The Municipal has an adopted Spatial Development Framework in 2012 and was reviewed in 2014. The framework is due for renewal as soon as the funding is secured				
6	Existence of Land Use Management System (LUMS)	The Land Use Management Schemes has been in existence for a very long time and require reviewal as soon as funding is secured.				

7.3 CHAPTER 3: MUNICIPAL ECONOMIC DEVELOPMENT FRAMEWORK – (KPA 3)

No.	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Number of job opportunities created through EPWP	720 (this number includes the jobs created through CWP)	1240 (this number includes the jobs created through CWP)	100% +

7.4 CHAPTER 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT – (KPA 4)

No.	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	44 686	38 508	86%
2	Salary budget as a percentage of the total operational budget	28%	28%	100%
3	Trade creditors as a percentage of total actual revenue	10%	7%	70%
4	Total municipal own revenue as a percentage of the total actual budget	70%	61%	87%
5	Rate of municipal consumer debt reduction	10%	(19%)	(29%)
6	Percentage of MIG budget appropriately spent	100%	100%	100%
7	Percentage of MSIG budget appropriately spent	100%	100%	100%
8	AG Audit opinion	Unqualified Audit Report	N/A	100%
9	Functionality of the Audit	All vacant posts within Internal	N/A	100%

	Committee	Audit Unit filled		
10	Submission of AFS after the end of financial year	Submitted on due date	N/A	100%

7.5 CHAPTER 2: GOOD GOVERNANCE AND PUBLIC PARTICIPATION – (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	6	6	100%
2	% of ward committees that are functional	6	4	2 wards based in Cookhouse are not functional
3	Existence of an effective system to monitor CDWs	CDW Program is in existence and operational but there is no proper monitoring system in place.		
4	Existence of an IGR strategy	MOU was signed with MM, Mayor, Director General and MEC. Government attends meetings when they are invited.		
5	Effective of IGR structural meetings	The meetings are held quarterly and are mostly combined with IDP Rep Forum.		
6	Number of mayoral imbizos conducted	Mayoral imbizos are held twice a year		

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.

Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and

	express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance						
Council Members	**Full Time / Part Time**	**Committees Allocated**	***Ward and/ or Party Represented**	**Present Council Meetings**	**Percentage Council Meetings Attendance**	**Percentage Apologies for non-attendance**
	FT/PT			**14**	%	%
Scott, N.M.	FT	Finance	Proportional Representation - ANC	12	86%	100%
Manxoweni, B.A.	FT	Corporate, Community, Finance	Proportional Representation - ANC	12	86%	100%
Brown, K.C.	FT	Technical	Proportional Representation - DA	13	93%	100%
Du Preez, C.F.B.	FT	Finance, MPAC	Proportional Representation - DA	11	79%	100%
Greeff, W.H.	FT	Corporate, MPAC	Proportional Representation - DA	12	86%	100%
Funiselo, Z	PT	Corporate, Community	Ward 6 - ANC	14	100%	100%
Nontyi, M.	PT	Community, Technical	Ward 5 - ANC	14	100%	100%
Mali M.K.	PT	Finance, Corporate, Technical, MPAC	Ward 4 - ANC	14	100%	100%
Yantolo, N.P.	PT	Technical, Finance, Community	Ward 3 - ANC	12	86%	100%
Bradfield, R.M.	PT	Community	Ward 2 - DA	10	71%	100%
Mjikelo, N.G.	PT	Corporate, Technical	Ward 1 - ANC	9	64%	100%
*Note: * Councillors appointed on a proportional basis do not have wards allocated to them*						*T A*

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
Finance Committee	To deal with finance related matters
Corporate Services Committee	To deal with corporate services related matters
Technical Services Committee	To deal with technical services related matters
Community Services Committee	To deal with community related matters
	T B

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure		
Directorate	**Director/Manager (State title and name)**	**Unit**
Municipal Manager	**Municipal Manager - Mr. Thabiso Klaas**	
		Internal Audit
		Integrated Development Plan (IDP)/Performance Management System (PMS)
		Town Administration
		Information and Communication Technology (ICT)
Corporate Services	**Director: Corporate Services - Mr Fezekile Gideon Cotani**	
		Administration
		Human Resource (HR)
		Housing and Land Usage Management
Technical Services	**Director: Technical Services - Ms. Zukiswa Ntile**	
		Electrical Division
		Roads and Stormwater Division
		Water and Sanitation Division
		Building Control and Maintenance Division
		PMU Division
Community Services	**Director: Community Services - Mr. Sizwe Lochore Mvunelwa**	
		Environmental Services
		Protection Services
		Library Services
Financial Services	**Director: Finance (CFO) - Mr. Gerard John Goliath**	
		Finance Management and Reporting
		Revenue and Expenditure
		Supply Chain and Asset Management
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).		*T C*

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

The Municipality is responsible for Basic Service Delivery like Water, Electricity, Sanitation and Refuse Removal. In addition to these services, we also facilitate Housing Provision in conjunction with Department of Human Settlements. Traffic Services; Fire Fighting services; Library services and Disaster management is provided by the Community Services Department.

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	**Function Applicable to Municipality (Yes / No)***	**Function Applicable to Entity (Yes / No)**
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building regulations	Yes	
Child care facilities	No	
Electricity and gas reticulation	Yes	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	No	yes, Cacadu development Agency
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	Yes	
Facilities for the accommodation, care and burial of animals	Yes	
Fencing and fences	Yes	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	No	
Municipal abattoirs	No	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	Yes	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	
If municipality: indicate (yes or No); * If entity: Provide name of entity		*T D*

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	**Name of Ward Councillor and elected Ward committee members**	**Committee established (Yes / No)**	**Number of monthly Committee meetings held during the year**	**Number of monthly reports submitted to Speakers Office on time**	**Number of quarterly public ward meetings held during year**
Ward 1	**Cllr Ntombentsha Mjikelo**	Yes	0		0
	Nomalanga Eunice Ndzuzo				
	Xabiso Maqenge				
	Bulelwa Katie Ximiya				
	Andiswa Sixaxa				
	Mzuvukile Arthur Mema				
	Edward Roberts				
	Musa Dyofana				
	Zamuxolo Sidwell Baskiti				
	Duane Rozetta Leeuskieter				
	Vuyiswa Xhaso				
Ward 2	**Cllr Rosaline Bradfield**	Yes	6		2
	Mpumelelo William Mgabaza				
	Mbulelo Cakana				
	Cynthia Gillian Farrell				
	Pamella Fani				
	Jason Rodney Olifant				
	Gerald Fillis				
	Alan Michael Hobson				
	Gladys Adams				
Ward 3	**Cllr Neliswa Yantolo**	Yes	1		2
	Zoleka Blouw				
	Dr Fiona Brown				
	Fezile Jeffrey Notshulwana				
	Albetinah Nyeliswa Konzapi				
	Nomsa Felicia				
	Philip Erasmus				
	Xolisile Junior Tom				
	Monwabisi Lumka				
	Dina Malambile				

Ward 4	**Cllr Mncedi Mali**	Yes	2		0
	Stanton Africa				
	Evelyn Matomela				
	Jersey Charlie				
	Monwabisi Andre Nel				
	Rose Dora Doro				
	Jessie Olifant				
	Vanessa Senovia Louw				
	Levin Doro				
	Vuyani Soloman Sejila				
Ward 5	**Cllr Mendile Nontyi**	Yes	2		0
	Nomatansanqa Qupe				
	Thobile Xakaxa				
	Dawid Harris				
	Claud Kuilder				
	Granville Nel				
	Noluthando Gogo				
	Gilbert Nxahe				
	Mercia Ntshudu				
	Nomatshawe Siziba				
Ward 6	**Cllr Zoliswa Funiselo**	Yes	0	0	0
	Simphiwe Mbenya				
	Mpumelelo Steve Kwatsha				
	Mzukisi Sonkwala				
	Ronnie Mvuleni Mbane				
	Daphe Thobeka Twenty				
	Ntombentsha Ntlebi				
	Pelela Patient Mtshawu				
	Odwa Advocate Koba				
	Sibongile Thengi				

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)		
Capital Projects: Seven Largest in Year 2015/2016 (Full List at Appendix O)		**R' 000**
No.	**Project Name and detail**	**Total Value**
Ward 1 to 6	Municipal Fleet - Vehicle purchases	2 989
Ward 4	Community Water Supply Project - Pearston	2 413
Wards 2; 3 & 5	Somerset East Waste Water Treatment Works (SE WWTW)	1 419
Ward 4	Sport Facilities - Pearston	874
Wards 1 & 6	Sport Facilities - Cookhouse	775
Wards 1 to 6	Traffic building Extension	597
Ward 4	Pearston Tea Room	506
		T F.1

Basic Service Provision					
Detail	**Water**	**Sanitation**	**Electricity**	**Refuse**	**Housing**
Households with minimum service delivery	9 761	7 819	8 592	7 838	
Households without minimum service delivery		358			
Total Households*	**9 761**	**8 177**	**8 592**	**7 838**	
Houses completed in year					
Shortfall in Housing units					
**Including informal settlements*					*T F.2*

APPENDIX G – MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS

Municipal Audit Committee Recommendations		
Date of Committee	**Committee recommendations during Year 2015/16**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
13/11/2015	Audit Committee approves the Audit Committee Charter	Yes
	Audit Committee approves the Internal Audit Charter	Yes
	Management to be mindful of the high risk of shrinking revenue and focus on revenue enhancement	Yes
	Internal Audit plan be approved	Yes
	Management to provide Audit Committee with a report on all legal cases	Yes
14/04/2016	Audit Committee report on half year PMS be submitted to council	Yes
	Director Finance to detail a follow up on each meeting on fraud cases	Yes
	Management focus on Back to basics	Yes
	Management focus on Health and Safety within the municipality	Yes
	Management to draw up a plan of solutions for the issues at Human Resources section and submitt it to the Audit Committee	Yes
	Management to give priority to all the key controls that are still red shaded on the dashboard	Yes
26/05/2016	Management to report the fraud amount to council to condone and update the Auditor General so that the amount can be disclosed as fruitless and wastefull expenditure	Yes
	Management work with Internal Audit to improve the usefulness of information for PMS	Yes
	That Management should ensure that regular declarations are made by all officials	Yes
	That all current contracts be reviewed to ensure that they are signed and that they have all the necessary clauses	Yes
	That management review the SCM Policy with specific attention to required legislation, to ensure that all relevant legislative requirements are compiled with	Yes
	SCM to ensure that whenever consultants are appointed, transfer of skills is clearly defined and captured in Terms of Reference and SLA's	Yes
28/06/2016	Municipal Organogram must be finalised	Yes
	The fuel theft and abuse disciplinary be expedited	Yes
	Timeframes be stipulated for management of loss control	Yes
	Draft Annual Financial Statements be submitted to the Audit Committee before the meeting of the AFS review	Yes
		T G

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts Entered into during Year 2015/2016)

R' 000

Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Standard Bank	Long-term Loan linked to purchase of Bakkies and Extension of Traffic Building	28-Jun-16	27-Jun-21	Manager: Financial Management & Reporting	3 300

T H.1

Public Private Partnerships Entered into during Year 2015/16

R' 000

Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2015/16
NO PPP WERE ENTERED INTO					

T H.2

APPENDIX I – SERVICE PROVIDER ANNUAL PERFORMANCE

2015/2016 FINANCIAL YEAR TENDERS

Tender No	Description	Bid Spec Comm	Advert Date	Site Inspection	Closing Date	Expiry	Bid Eval Comm	Bid Adj Comm	Extension of Validity	Appointed Bidder	Amount	Progress	Remarks
T06/2015	SUPPLY AND DELIVERY OF FLEET	24-Jul-15	07-Aug-15	N/A	24-Aug-15	21-Nov-15	31-Aug-15	29-Sep-15	N/A	GEAT SERVICES	R 2 357 556.18	PROJECT COMPLETE	Satisfactory service
T08/2015	DRILLING OF FOUR NEW BOREHOLES IN PEARSTON	18-Aug-15	08-Sep-15	11-Sep-15	21-Sep-15	19-Dec-15	21-Sep-15	28-Sep-15	N/A	BJ CILLIERS BOORKONTRAKTEURS	R 717 915.00	PROJECT COMPLETE	SUPPLIER PROMPT WITH SERVICE
T09/2015	SUPPLY AND DELIVERY OF COLDMIX	28-Aug-15	11-Sep-15	N/A	25-Sep-15	23-Dec-15	08-Oct-15	23-Oct-15	N/A	BURWANA ASPHALT COLDMIX	R 344 000.00	PROJECT COMPLETE	Satisfactory service
T10/2015	SUPPLY AND DELIVERY OF 11 X TRANSFORMERS	09-Sep-15	02-Oct-15	N/A	20-Oct-15	17-Jan-15	26-Oct-15	20-Nov-15	N/A	TRANSFIX TRANSFORMERS	R 331 410.00	PROJECT COMPLETE	Satisfactory service
T14/2015	SUPPLY AND DELIVERY OF FLEET IN BCRM	23-Oct-15	29-Oct-15	N/A	20-Nov-15	18-Feb-16	26-Nov-15	08-Dec-15	N/A	SEVENTH AVENUE TRADING	R 730 216.10	PROJECT COMPLETE	Satisfactory service
T15/2015	SUPPLY AND DELIVERY OF PIPES FOR TAXI RANK	23-Oct-15	29-Oct-15	N/A	20-Nov-15	18-Feb-16	26-Nov-15	07-Dec-15	N/A	MARX CONCRETE PIPES	R 327 858.30	PROJECT COMPLETE	Satisfactory service
T01/2016	UPGRADING OF SPORTSFILEDS BHONGWENI, COOKHOUSE	17-Sep-15	12-Jan-16	19-Jan-16	01-Feb-16	01-May-16	08-Feb-16	18-Feb-16	N/A	LEZMIN 3254 CC t/a BRIMA SA	R 3 310 586.30	IN PROGRESS	Satisfactory service
T02/2016	UPGRADING OF SPORTSFIELDS KHANYISO, PEARSTON	17-Sep-15	12-Jan-16	19-Jan-16	01-Feb-16	01-May-16	08-Feb-16	18-Feb-16	N/A	LEZMIN 3254 CC t/a BRIMA SA	R 2 808 823.60	IN PROGRESS	Satisfactory service
T03/2016	PROVISION OF EXTERNAL LOAN FINANCE	01-Feb-16	05-Feb-16	N/A	07-Mar-16	05-Jun-16	14-Mar-16	18-Mar-16	N/A	STANDARD BANK OF SOUTH AFRICA	R 4 377 439.60	PROJECT COMPLETE	GOOD
T04/2016	REPAIRS AND MAINTENANCE OG 11KV POWER FACTOR CORRECTION R	01-Feb-16	05-Feb-16	15-Feb-16	22-Feb-16	22-May-16	04-Mar-16	06-Apr-16	N/A	MILNE ELECTRICAL	R 10 260.00	IN PROGRESS	In Progress
T05/2016	SUPPLY AND DELIVERY OF BUILDING MATERIAL FOR PEARSTON TEA R(	09-Mar-16	11-Mar-16	N/A	29-Mar-16	27-Jun-16	04-Apr-16	15-Apr-16	N/A	BLUE CRANE HARDWARE	R 199 233.44	PROJECT COMPLETE	SUPPLIER PROMPT WITH SERVICE
T07/2016	BUILDING AND UPGRADING OF ICT INFRASTRUCTURE	11-Apr-16	14-Apr-16	N/A	29-Apr-16	18-Jul-16	03-May-16	26-May-16	N/A	TRACKOS PROJECTS PTY (LTD)	R 382 800.60	PROJECT COMPLETE	SUPPLIER PROMPT WITH SERVICE
T09/2016	UPGRADING OF SOMERSET EAST WWTW, PHASE II - SLUDGE DRYING E	16-May-16	20-May-16	27-May-16	24-Jun-16	22-Sep-16	28-Jun-16	30-Jun-16	N/A	DIGES/INGQAKA JV	R 6 000 822.28	IN PROGRESS	In Progress

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 2015/2016		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
(Executive) Mayor	Councillor N.M. Scott	Beneficiary of Government Employees Pension Fund
Member of MayCo / Exco		
MPAC	Councillor W.H. Greeff	Shares in PSG, Trustee Membership; BKB; Old Mutual; Santam; the Middleton Producers & Springvale Marketing. Interest in Springvale Farm
Councillor		
	Yantolo, N.P.	Husband Mkholisi Nkonyeni is a shareholder of Inkoleko 409 CC. Sister Nomakhaya Yantolo is shareholder of Eziththwini Pty Ltd.
	Manxoweni, B.A.	Nil
	Brown, K.C.	Farm 370, Erf 2452 Somerset East
	Du Preez, C.F.B.	Owner - Callie du Preez Professional Accountant; Membership/Partnership - Route 63 Internet cc; Baviaansnet(Pty)Ltd
	Funiselo, Z	Nil
	Nontyi, M.	Nil
	Mali M.K.	Nil
	Bradfield, R.M.	Investec; Alan Gray
	Mjikelo, N.G.	Nil
Municipal Manager	Klaas, T	Nil
Chief Financial Officer	Goliath, G.J.	Nil
Deputy MM and (Executive) Directors		
	Mvunelwa, S.L.	Nil
	Ntile, Z	Nil
	Cotani, F.G.	Nil
Other Officials		
	van Rayner, V.A.	MSNH Maintenance - son of the owner
	van Niekerk, K.	AJ van Niekerk - spouse of owner
	Jordaan, M.	PJA Jordaan Transport - daughter of owner
	Vongo, J.	Culiso Trading - brother of owner
	Mselana, D.	Viphinako - brother of owner
** Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A* *T J*		

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote R' 000						
Vote Description	**Year 2014/2015**	**Current: Year 2015/2016**			**Year 2015/2016 Variance**	
	Actual	**Original Budget**	**Adjusted Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Vote 1 - Mayoral Executive	2	-	-	-	#DIV/0!	#DIV/0!
Vote 2 - Municipal Council	20 804	7 231	20 217	20 223	64%	0%
Vote 3 - Accounting Officer	823	500	1 448	632	21%	-129%
Vote 4 - Budget and Treasury	16 117	16 878	16 784	17 659	4%	5%
Vote 5 - Technical Services	135 426	151 292	136 911	131 809	-15%	-4%
Vote 6 - Community, Safety and Social Services	21 583	22 070	16 018	16 404	-35%	2%
Vote 7 - Corporate Services	5 051	60	89	144	58%	38%
Total Revenue by Vote	**199 806**	**198 031**	**191 467**	**186 871**	**-5.97%**	**-2.46%**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						*T K.1*

APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source R '000						
Description	Year 2014/2015	Year 2015/2016			Year 2015/2016 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	9 056	9 988	10 080	10 098	1%	0%
Property rates - penalties & collection charges	-	-	-	-	0%	0%
Service Charges - electricity revenue	77 229	82 753	81 053	77 233	-7%	-5%
Service Charges - water revenue	13 011	13 132	9 753	13 011	-1%	25%
Service Charges - sanitation revenue	6 220	6 610	4 076	6 220	-6%	34%
Service Charges - refuse revenue	8 386	8 887	5 001	8 386	-6%	40%
Service Charges - other	207	218	218	207	-5%	-5%
Rentals of facilities and equipment	45	50	75	63	21%	-19%
Interest earned - external investments	820	1 201	1 001	1 446	17%	31%
Interest earned - outstanding debtors	3 186	2 723	2 723	3 153	14%	14%
Dividends received	-	-	-	-	0%	0%
Fines	40	70	70	60	-17%	-17%
Licences and permits	802	793	632	746	-6%	15%
Agency services	600	660	660	676	2%	2%
Transfers recognised - operational	50 602	51 890	52 475	51 608	-1%	-2%
Other revenue	7 566	2 794	6 385	2 618	-7%	-144%
Gains on disposal of PPE	92	100	104	-	#DIV/0!	#DIV/0!
Enviromental Proctection	-	-	-	-	0%	0%
Total Revenue (excluding capital transfers and contributions)	**177 862**	**181 869**	**174 306**	**175 525**	**-3.61%**	**0.69%**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.

T K.2

APPENDIX L: CONDITIONAL GRANTS: EXCLUDING MIG

Conditional Grants: excluding MIG R' 000					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
MSIG	930	930	930	0%	0%
FMG	1 600	1 600	1 600	0%	0%
EPWP	1 000	1 000	1 000	0%	0%
LIBRARY	2 197	2 197	2 197	0%	0%
ACIP	2 880	2 880	2 880	0%	0%
LOTTO GRANT (for sports facilities)	1 000	1 000	1 000	0%	0%
Total	**9 607**	**9 607**	**9 607**		

** This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.*

APPENDIX: BCRM ANNUAL PERFORMANCE REPORT – 2015/2016

The Annual Performance Report is attached as an annexure to this report.

VOLUME II: ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements are attached as an annexure to this report.